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Summary record of the 17th meeting
Held at Headquarters, New York, on Friday, 30 October 1998, at 10 a.m.

Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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98-82021 (E)

The meeting was called to order at 10 a.m.

Agenda item 145: Review of the implementation of General Assembly resolution 48/218 B (*continued*)

1. **Mr. Herawan** (Indonesia), speaking on behalf of the Group of 77 and China, said that the functions and reporting procedures of the Office of Internal Oversight Services (OIOS) should be evaluated and reviewed, as mandated in paragraph 13 of resolution 48/218 B, in particular in order to ensure that the Office had carried out its role to the satisfaction of Member States. It had been established under the authority of the Secretary-General, as the chief administrative officer of the Organization, and enjoyed operational independence in accordance with paragraphs 4 and 5 of resolution 48/218 B. Accordingly, it was the responsibility of the Secretary-General to ensure that the reports of the Office did not contain any recommendations which transgressed the mandates approved by Member States. OIOS should make recommendations on matters of internal management, as a means of promoting effective programme management by identifying and reporting on and proposing remedies for problems of waste, fraud, abuse and mismanagement within the Organization. Programmes and activities approved by the Member States could be modified only by the competent intergovernmental bodies.

2. The Group of 77 and China had noted that the resources of OIOS had been gradually increasing despite the financial difficulties of the Organization. They felt that the Office should set an example for other departments by working within a reduced level of resources, while increasing its output and efficiency. It was also important to maintain geographical balance in the staffing of the Office in accordance with the provisions of Article 101 of the Charter.

3. The Group of 77 and China asked to be provided with information on the number of OIOS reports that had been submitted to the General Assembly since 1994 and the number of reports that had yet to be considered by the Assembly. They remained ready to engage in constructive dialogue in order to enable the Committee to carry out a comprehensive review and evaluation of the functions and reporting procedures of OIOS.

4. **Mr. Orr** (Canada), speaking also on behalf of the delegations of Australia and New Zealand, said that internal oversight had been an integral element of the United Nations since its founding and had been strengthened by the creation of OIOS in accordance with resolution 48/218 B. OIOS had now become an indispensable part of life at the United Nations; the way in which it addressed its tasks typified the "quiet revolution" of reform initiated by the Secretary-General. The time had come to look back on a record of solid achievements and to consider how to make the Office still more effective.

5. A strong internal oversight function in a bureaucracy was a necessary management tool and could assist management in carrying out its key responsibilities of ensuring that programmes and activities were well managed and were carried out in a cost-effective manner. Internal oversight should provide assurance to all programme managers that the management framework was sound and was operating as it should. In that way, internal oversight complemented the work of management by identifying areas where the cost-effectiveness of programme delivery and accountability could be further improved and strengthened. OIOS had been performing that important function responsibly since its inception in 1994 and should continue to play a role in the management of the United Nations.

6. One of the functions that might be more effectively carried out by another unit within the Secretariat was the preparation of the Secretary-General's biennial report on programme performance. The Office would be well placed to review the report and to provide its comments to the General Assembly. It could also provide useful input into the development of performance measures, an area in which the Organization lacked experience.

7. One of the most significant elements of resolution 48/218 B had been the requirement of an annual report in which the Office provided the General Assembly with information on problems within the Secretariat. That was a new feature, since earlier internal oversight documents had been transmitted only to the management of the departments concerned and were rarely made public. The Investigations Section had also been established under resolution 48/218 B and had fulfilled the function of gathering evidence on criminal or improper conduct by United Nations staff members or suppliers for the purpose of addressing cases of fraud or other illicit activity. The work of the Investigations Section had increased in volume and scope, and it would be timely to update the guidelines for the conduct of its investigations, in particular to ensure the protection of the basic rights of persons under investigation, including the presumption of innocence. An Investigations Section operating with updated guidelines would strengthen the role of OIOS and that, in turn, would foster an open and honest management culture.

8. The 1997 annual report of OIOS had noted that almost 5,000 recommendations had been made between October

1994 and June 1997. Given that large volume of work, the ability of OIOS to summarize so effectively the most important concerns of Member States was praiseworthy.

9. **Mr. Sulaiman** (Syrian Arab Republic) said that his delegation supported the statement made by the representative of Indonesia on behalf of the Group of 77 and China.

10. The operational independence of the Office of Internal Oversight Services did not mean that the Office was not accountable to the Member States. The Office had not yet fulfilled its undertaking to inform his Government of the progress and outcome of the investigation of activities in the United Nations Disengagement Observer Force (UNDOF) (A/51/432, paras. 40–43). In spite of the fact that resolution 48/218 B specified, in the section entitled "Investigation", that one of the functions of the Office was to transmit the results of its investigations to the Secretary-General, together with recommendations to guide the Secretary-General in deciding on jurisdictional or disciplinary action to be taken, his delegation still did not know the outcome of the recommendations made concerning UNDOF.

11. The debate that had taken place during the fifty-second session of the General Assembly as to whether the recommendations of the Office were to be submitted to the General Assembly for information, as stated in document A/C.5/52/12, or whether they were to be submitted to the Assembly for a decision, showed that it was necessary for Member States to review the role of the Office in order to spell out what had not been stated clearly in resolution 48/218 B.

12. His delegation was concerned at the Office's misunderstanding of the discussions that had taken place between the Secretary-General on the one hand and the Special Committee on decolonization and the Fourth Committee on the other concerning the status of the Decolonization Unit as a result of which the Office had made a statement that was at variance with the principles which it had been established to uphold. OIOS had said, *inter alia*, that his delegation had adopted its position before the Fourth and Fifth Committees at the instigation of certain members of the Secretariat and in their interest. However, its position, which was consistent with the views of the Special Committee on decolonization and of the Fourth Committee, was based on principled directives and fully considered instructions. His delegation wished to place on record its categorical rejection of, and displeasure at, the interference of the Office in political matters that were not part of its mandate. The position taken by his delegation in the Fifth Committee was a long-standing one, and was held by all the developing countries and a significant number of developed countries, as well as being in conformity with the position adopted by the Special Committee on decolonization and the Fourth Committee.

13. His delegation requested the Office, on the basis of its commitment to the principle of geographical representation, to provide a list showing the nationalities of its Professional and General Service staff, together with their job descriptions, the number of gratis personnel and the work assigned to such personnel. He asked the Office to provide a response in writing to all the observations he had made so as to enable his Government to comment thereon.

14. **Mr. Darwish** (Egypt) said that his delegation supported the statement made by the representative of Indonesia on behalf of the Group of 77 and China and was in favour of the monitoring and oversight role of the Office of Internal Oversight Services.

15. Paragraph 5 (a) of resolution 48/218 B provided that the Office should exercise operational independence under the authority of the Secretary-General. It referred to Article 97 of the Charter, which entitled him to take any measures he considered necessary to give effect to his responsibilities. The primary objective of the Office was to uncover financial and administrative irregularities so as to ensure the judicious utilization of the human and financial resources of the Organization. His delegation welcomed the fact that the efforts of the Office had resulted in a saving of $21.2 million of the Organization's assets during the period from June 1997 to June 1998.

16. In conclusion, he said that his delegation reaffirmed the importance of complying with the principle of equitable geographical distribution in the staffing of the Office and of greater coordination and cooperation between it and the Committee in accordance with the financial and administrative interests of the Organization.

17. **Mr. Mirmohammad** (Islamic Republic of Iran) said that his delegation supported the statement made by the representative of Indonesia on behalf of the Group of 77 and China.

18. Resolution 48/218 B, had established the Office of Internal Oversight Services to assist the Secretary-General in fulfilling his internal oversight responsibilities in respect of the resources and staff of the Organization through the exercise of monitoring, internal audit, inspection and evaluation, and investigation (para. 5 (c)). In the course of the implementation of the resolution by the Secretary-General, a number of issues had arisen, the settlement of which would lead to a better understanding and more

effective interaction between the Secretary-General and the General Assembly.

19. As chief administrative officer of the Organization, the Secretary-General had certain prerogatives, and the prerogatives of the General Assembly were also clearly spelled out. The General Assembly supported the activities of the OIOS insofar as its activities were in accordance with the prerogatives of the Secretary-General in fulfilling his internal oversight responsibilities. If the recommendations of OIOS involved any changes in programmes they must be submitted to the General Assembly for decision prior to implementation. The practice of submitting OIOS reports to the General Assembly under cover of a brief note from the Secretary-General might therefore not fully reflect the latter's responsibility.

20. The budget and staffing of the Office also needed to be studied. His delegation had noted a progressive increase in the resources of the Office, even though the Office had a duty to act responsibly, to identify economies and to be a model in restricting its demand for resources. The staffing of the Office must respect the principle of equitable geographical representation, and particulars in that regard would be of interest to his delegation.

21. In conclusion, his delegation wished to emphasize the importance of coordination and cooperation between the Office of Internal Oversight Services and the external oversight mechanisms and looked forward to receiving further information on that subject.

Agenda item 112: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Thematic reports of the Office of Internal Oversight Services (continued) (A/51/933; A/52/575, A/52/339 and Add.1, A/52/776, A/52/777, A/52/821, A/52/1010 and A/52/1020; A/53/467)

22. **The Chairman** invited the Under-Secretary-General for Internal Oversight Services to respond to questions raised during the general discussion.

23. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services), responding to delegations which had urged that OIOS should not go beyond its terms of reference, said he was quite confident that his Office had kept within its mandate. In instances in the past where it might have been the perception of delegations that the activities of the Office had overstepped its mandate, he felt that he had adequately clarified the position. There had never been any doubt in the past, nor would there be any doubt in the future, that it was the mandate of OIOS to provide internal oversight to the Organization and to do so under the authority of the Secretary-General.

24. Some criticism had touched on the resources of OIOS, in particular on increases in those resources during the past two bienniums. In that connection, he pointed out that, when OIOS had been established, the General Assembly had decided that it should be financed from existing resources (resolution 48/218 B, para. 8). That requirement had created difficulties and he recalled a number of discussions on the matter with members of the Committee, in the course of which he had received understanding and support for the modest increases in personnel that he had requested. A new Office with a new mandate could not be expected to predict reliably at the outset what resources it would ultimately need. He therefore hoped for the understanding of the Committee if, in the future, he found it necessary to request certain adjustments in the staffing of the Office. In that connection, it should be remembered that the resources available to the Office were being used to increase the efficiency and effectiveness with which resources were deployed throughout the Organization.

25. On the question of geographical balance, he expressed his confidence that the principle of geographical distribution in the recruitment of staff had been respected in the past, and he gave his assurance that it would continue to be respected in the future. Relevant information on that matter would be provided in the course of the review.

26. **Mr. Moktefi** (Algeria) said that his delegation supported the statement made by the representative of Indonesia on behalf of the Group 77 and China. He was willing to participate in the review of the functioning of the Office of Internal Oversight Services, in particular to look into the question whether resolution 48/218 B had been fully implemented. He recalled that the Group of 77 and China had requested a list of OIOS reports and said that his delegation would like the list to indicate the status of each of those reports.

27. The first of his questions for the Under-Secretary-General for Internal Oversight Services concerned the recommendations made by OIOS, which were endorsed by the Secretary-General and subsequently put into effect by programme managers. He asked what factors had enabled the Office to impose its authority and have its recommendations put into effect in so short a time despite the well-known reluctance of any bureaucracy to accept change.

28. OIOS had frequently sought the support of the General Assembly, and he asked whether such support had always

been forthcoming, and, if not, what were the reasons for its being withheld.

29. In conclusion, he asked whether it had been necessary to modify the original vision of OIOS in the light of experience.

30. **Mr. Elmontaser** (Libyan Arab Jamahiriya) said that his delegation supported the statement made by the representative of Indonesia on behalf of the Group of 77 and China and considered that Member States were entitled to review the role of the Office of Internal Oversight Services periodically.

31. The Office should serve the interests of the Organization without engaging in monitoring activities of the Member States themselves. Staffing of the Office should reflect the principle of equitable geographical distribution, as stated by the Syrian delegation, and the use of gratis personnel should be avoided. The reports of the Office should not be biased or contain material that might be prejudicial to the Member States. The Office played an important role and should be provided with the financial resources it required to achieve its objectives.

32. **Mr. Al-Shammam** (Yemen) said that his delegation supported the statement made by the representative of Indonesia on behalf of the Group of 77 and China and hoped that the Under-Secretary-General for Internal Oversight Services would strengthen the role of OIOS in monitoring the financial and administrative resources of the Organization, would consider establishing rules to ensure the accountability of officials who did not carry out their duties properly or who enriched themselves either directly or indirectly, in particular through commercial contracts, or who employed their relatives rather than candidates who met the requirements of Article 101 of the Charter, or who were instrumental in causing the loss of the Organization's material or moral resources.

33. His delegation was in favour of establishing an independent court, separate from the Administrative Tribunal, whose judges would be appointed from outside the Organization. The court would consider complaints from Member States and would try both serving officials and those who had left the service.

The meeting rose at 11.15 a.m.

United Nations A/C.5/53/SR.18

General Assembly
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Fifth Committee

Summary record of the 18th meeting
Held at Headquarters, New York, on Monday, 2 November 1998, at 3 p.m.

Chairman: Mr. Armitage (Vice-Chairman) ..... (Australia)
later: Mr. Abelian (Chairman) ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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98-82075 (E)

In the absence of Mr. Abelian (Armenia), Mr. Armitage (Australia), Vice-Chairman, took the Chair.

The meeting was called to order at 3 p.m.

Agenda item 145: Review of the implementation of General Assembly resolution 48/218 B (*continued*)

1. **Mr. Repasch** (United States of America) said that, since its creation four years previously, the Office of Internal Oversight Services (OIOS) had matured into a valuable and highly productive component of the oversight framework of the United Nations and had provided a full array of oversight functions, including audit, inspection, investigation and evaluation, all aimed at making the Organization's activities more efficient while ensuring that those activities complied with the applicable resolutions, rules and regulations.

2. The succession of annual reports issued by OIOS showed that the Office had developed into a full-service entity which performed valuable functions for the Secretary-General and the General Assembly and helped to nurture the new management culture of efficiency, effectiveness and accountability that was beginning to take hold. As the Secretary-General noted in his report on the activities of OIOS (A/53/428), internal oversight in the United Nations had matured since the Office's inception in 1994, its working methods had become well established and were now part of the management culture of the United Nations, and its reports continued to be an extremely valuable source of reference and guidance in the continuing process of institutional reform.

3. That positive view did not mean, however, that everything was perfect. In retrospect, it would have been preferable if some parts of resolution 48/218 B had been made clearer and thus less subject to interpretation. His delegation believed, moreover, that OIOS and United Nations oversight functions in general would benefit greatly from the ongoing efforts to implement more fully the current rules concerning programme planning, budgeting, monitoring and evaluation. On balance, however, resolution 48/218 B had been implemented well and his delegation applauded the efforts of all those who had been involved.

4. **Ms. Buergo Rodríguez** (Cuba) said that the General Assembly's decision to evaluate and review the functions and reporting procedures of OIOS at the current session had been an essential part of the political negotiations that had led to the establishment of the Office. Justifiable concerns had been expressed over the creation of OIOS, since the resolution had introduced functions such as investigation which were foreign to the Organization.

5. In the years since its creation, OIOS had produced important reports and had helped to improve management in the Organization. Some reports, however, had gone beyond the sphere of the Office's competence and had therefore caused concern to Member States. In the execution of its functions, OIOS should act strictly within its mandate, which had been drawn up as the result of a delicate political balance.

6. In carrying out the evaluation and review called for in resolution 48/218 B, therefore, the General Assembly should decide on such matters as the scope of the operational independence of OIOS, including its terms of reference, and should review the extension of that independence into the area of human resources, pursuant to administrative instruction ST/SGB/273, which did not appear to be consistent with the letter of paragraph 5 of resolution 48/218 B.

7. In addition, the General Assembly should review the reporting procedures of OIOS, taking into account the Office's mandate and the relationship between the Office and United Nations funds and programmes. It would also be useful to reconsider whether such functions as evaluation should continue to be performed by the Office now that the Central Evaluation Unit had been detached from the Office of Programme Planning, Budget and Accounts. The functional relationship and complementarity between OIOS and the newly created Management Policy Office of the Department of Management should also be reviewed.

8. Her delegation would make more specific proposals on the issues she had just raised during the informal consultations.

9. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services), responding to the points raised by delegations at the previous meeting, said that his Office had circulated a list of all the reports which OIOS had issued since its inception, indicating their status in the Fifth Committee.

10. Responding to the observation by the representative of Canada that the biennial preparation of the report of the Secretary-General on programme performance might be more effectively carried out by another unit within the Secretariat, he recalled that resolution 48/218 B mandated OIOS to assist the Secretary-General in implementing the provisions of article V of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation on monitoring of programme implementation. Programme monitoring was carried out by the individual departments, which reported to OIOS on the

progress made towards implementation. The report of the Secretary-General was prepared by OIOS after a thorough and objective review, including an analysis of the final submissions received from the individual departments. The Office had adequately demonstrated the requisite expertise needed to continue to prepare the report of the Secretary-General and was committed to the improvement of the programme monitoring process.

11. In response to the suggestion that the guidelines for the conduct of the Office's investigations should be updated, he wished to point out that the public manual of the operating procedures of OIOS had been produced in 1996 and therefore did not need to be updated. He also wished to emphasize that the Investigations Section of OIOS was mandated to conduct investigations within the context of a legal administrative system and not a criminal investigation system. In other words, it was a recommendatory body, which did not have the powers of a law enforcement agency. Nevertheless, OIOS was prepared to discuss, during the review process, issues such as the guarantee of the basic rights of the accused and the right to counsel.

12. With regard to the issues raised by the representative of the Syrian Arab Republic, he said that the Office had investigated the United Nations Disengagement Observer Force (UNDOF) and had submitted its report to the relevant programme manager in mid-1996. The report contained evidence that two United Nations staff members had violated the financial and procurement rules of the Organization and OIOS had accordingly recommended that those staff members should be disciplined in accordance with the rules and regulations of the United Nations. The disciplinary hearing had been completed only in October 1998 and, given the need to protect the integrity of the proceedings, it would have been inappropriate for OIOS to have produced a public report on the case at an earlier stage. OIOS would now be in a position to report to the Committee and to brief the Syrian delegation in detail, if it so desired.

13. The Syrian representative had also commented on and requested responses from OIOS on the matter concerning certain forged documents which had imputed to the Secretary-General and his senior managers a position with respect to the activities of the Special Committee on decolonization that was not true. Even before the Investigations Section of OIOS had received the complaint, the Secretary-General had already established a stand-alone Decolonization Unit within the Department of Political Affairs (DPA) and another Decolonization Unit in the Department of General Assembly Affairs and Conference Services (DGAACS) to provide servicing relating to the decolonization programme. To suggest, therefore, that the OIOS investigation, which had been begun in February 1998, had led to the transfer of the Decolonization Unit from DPA to DGAACS was factually incorrect. Moreover, Member States had completed their debates on the question of decolonization in late 1997, in other words, before the start of the investigation. It was therefore again incorrect to suggest that the OIOS investigation had influenced the political process on the question of decolonization or with regard to the provision of resources for the Decolonization Units.

14. As for the suggestion that the findings of OIOS were erroneous and had misrepresented the facts of the case, the investigation had been able to prove that two DPA staff members had created the documents, the contents of which were contrary to the Secretary-General's plan of reform, and had had them issued through official channels. OIOS had not taken the position in its report that Member States could not hold views that were contrary to the Secretary-General's reform plans. Rather, the investigation had focused on the activities of the two staff members who had wilfully acted against the Secretary-General's policy, thereby violating the relevant United Nations rules and regulations and the relevant Articles of the Charter.

15. In response to the request of the representatives of the Islamic Republic of Iran, the Libyan Arab Jamahiriya and the Syrian Arab Republic, his Office had made available for circulation a breakdown of OIOS Professional and General Service staff and their nationalities. Some staff were not subject to geographical distribution, since the list included staff on peacekeeping posts, posts that were specifically funded for mission service or financed under the peacekeeping support account, General Service and temporary staff, and staff serving in bodies with special status in matters of appointment. Since its creation, OIOS had increased its range of geographical distribution from 21 to 31 countries, and it no longer had any gratis personnel.

16. On the issue of cooperation between OIOS and other oversight bodies, he wished to assure the representative of the Islamic Republic of Iran that OIOS and the Board of Auditors held regular coordination meetings every two months to adjust their programmes of work and to exchange current information. OIOS and the Joint Inspection Unit also conducted a regular though less structured dialogue. The second tripartite meeting of the oversight bodies was due to be held in New York on 3 November.

17. Concerning the follow-up to its recommendations, OIOS procedures required that every finding should be discussed with management during the audit, evaluation and inspection stages. Recommendations were either formulated

together with managers or submitted to managers at an early stage to see whether they were inclined to accept and implement them. OIOS reported to the Secretary-General on a semi-annual basis on the status of implementation of its recommendations, and for that purpose it maintained a computerized compliance monitoring database of all its recommendations issued since 1994. The database was updated twice yearly, when the managers concerned were invited to verify the data until implementation had been completed.

18. **Mr. Moktefi** (Algeria) said that, despite the positive work done by OIOS, certain problems still existed with regard to the implementation of General Assembly resolution 48/218 B. The most recent programme performance report prepared by OIOS had failed to provide responses to certain questions and had shown the limits of the Office's competence, since it had been unable to provide answers to questions that came under the purview of other departments. The question therefore was to what extent other departments were involved in the preparation of programme performance reports.

19. His delegation would welcome specific responses to the questions which it had posed earlier, namely, how OIOS had succeeded in achieving such a high rate of implementation of its recommendations in such a short period of time; how managers had been able to adapt so quickly to the Office; what the Office's perception was of the General Assembly's attitude towards OIOS and its reports to the Assembly; and whether the concept on which the creation of OIOS was based had assumed new dimensions during the previous four years or had remained unchanged.

20. **Mr. Sulaiman** (Syrian Arab Republic) said that he had several comments to make with reference to the clarifications offered by the Under-Secretary-General for Internal Oversight Services. In the first place, his delegation had requested a list not of the names of the staff but of their nationalities from the establishment of the Office up to the present time, since the current review process required an assessment to be made of the past.

21. With respect to the United Nations Disengagement Observer Force (UNDOF), he said that what called for an explanation was the fact that a relatively long time had elapsed since mid-1996 without any statement being made on developments with respect to UNDOF. His question concerned the recommendations that had been made in that connection and he hoped that those recommendations would be included in the next internal oversight report.

22. His third comment concerned the Decolonization Unit. He noted that most of the details provided by Mr. Paschke concerned matters on which he had not requested clarification. What he had asked was how the internal oversight report had come to the conclusion that his country had been prompted, under the influence of certain offi ials, to speak about the Decolonization Unit.

23. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services) said he objected strongly to the assertion by the representative of Algeria that OIOS representatives had shown a lack of professional competence during earlier discussions in the Fifth Committee on the programme performance report. The questions should perhaps have been asked of management representatives, as the programme performance report concerned data and information reflecting management action. He took note of the Algerian delegation's desire for an analysis by OIOS of the Organization's ability to change and of the high rate of implementation of its recommendations. One reason for that high rate was that the recommendations had been precise, realistic and well-measured; also, they had been developed in close cooperation with management, which in most cases had not felt it was under undue stress to respond positively to the recommendations, but rather had understood the usefulness of the recommendations for management itself. In addition, OIOS followed up on its recommendations to ensure that they were implemented.

24. The Algerian representative's question about the reaction of OIOS to formal support from the General Assembly on the Office's reporting should be answered by the Fifth Committee, whose interest in the work, findings and recommendations of OIOS was a direct function of the seriousness with which managers viewed the Office's work and their willingness to implement its recommendations swiftly.

25. Replying to the Syrian representative, he said that he had already endeavoured to explain the role of OIOS management in the investigation in question; he had not commented on statements by the representatives of certain Member States or intervened in their positions on the Decolonization Unit. It had been necessary to spell out the causes of the investigation in order to underline that non-intervention.

26. **Mr. Moktefi** (Algeria) said that his remarks had perhaps been mistranslated; OIOS had acknowledged during informal consultations that it could respond only in a limited fashion, but he had never said that its representatives lacked professional competence. With regard to consideration of the reports on the implementation of General Assembly

resolution 48/218 B, it was clear that OIOS lacked information that originated with other bodies, whose responsibility it was to provide that information. As for Secretariat practices, his delegation had stated that the implementation reports should indicate more clearly what those other bodies were. It was for the Member States alone to agree among themselves as to how to conduct their review of the implementation of resolution 218 B.

27. **Mr. Sulaiman** (Syrian Arab Republic) said that his delegation had always been supportive of the Decolonization Unit and pointed out that OIOS had exceeded its authority in pronouncing a judgement as to what had motivated any particular State to intervene. The Office had been wrong to interfere in the political positions of States. His country's position in the Fifth Committee with respect to the Decolonization Unit had been the same as it had been in the Fourth Committee and in the Special Committee on decolonization. He denied that his delegation had said that the verifications made by OIOS had led to the transfer of the Decolonization Unit, or that it had raised the subject of the forged documents. The main point of his delegation's statements had been to object strongly and to protest about the insinuation in the OIOS report that his country had become involved at the prompting of Secretariat officials.

Agenda item 165: Joint Inspection Unit (*continued*) (A/51/34, A/52/34, A/51/559 and Corr.1, A/52/206, A/52/267 and A/53/180)

28. **Mr. Atiyanto** (Indonesia) said that his country strongly supported the work of the Joint Inspection Unit (JIU) and was ready to support efforts aimed at facilitating that work. The Unit's work, along with the necessary funding, needed due attention.

Agenda item 120: United Nations common system (A/52/811; A/53/30 and Corr.1; A/C.5/53/27)

29. **Mr. Bel Hadj Amor** (Chairman of the International Civil Service Commission), introducing the report of the International Civil Service Commission (ICSC) (A/53/30 and Corr.1), said the Working Group on the Consultative Process and Working Arrangements of ICSC had met three times in 1998. Another working group was being formed to examine a framework for human resources management and it would begin deliberations early in 1999. As a result of the Commission's deliberations on a draft code of conduct for United Nations staff, the Commission had decided to place the updating of the 1954 Standards of Conduct on its work programme for 1999; it would be working in close consultation with the various organizations on that project.

30. Some members of the Fifth Committee had recently expressed concern that post adjustment increases at the base, New York, were automatic; that the General Assembly had no direct role in their implementation; and that adjustments at the base might be generating automatic increases in post adjustments at all other duty stations. Although that concern seemed to have stemmed partly from a misunderstanding of the way in which the post adjustment system operated, the General Assembly had asked ICSC to consider the elimination of post adjustment at the base. In its current report, the Commission explained that post adjustment increases at the base were confined to New York and were not automatically passed on to other duty stations (A/53/30, para. 134). Most importantly, the General Assembly exercised control over remuneration at the base, and also at other duty stations, through margin management within the defined range. Moreover, by eliminating post adjustment at the base, ICSC would be abdicating its mandated responsibility for operating the system; that might require an amendment to its statute. The Commission had further concluded that the elimination of post adjustment at the base could be accomplished only in the context of a revision of the entire salary system.

31. ICSC still hoped to find a way of improving the net remuneration ratios at the senior management levels, D-1/D-2, where the margin was relatively low. As for the identification of the highest paid national civil service and the total compensation comparison between the United States and German civil services, the Commission felt that it was not opportune to change the comparator to Germany at the present time, given the current state of flux in that country and the reduction of the difference with United States remuneration. Moreover, there was some interest in the use of a basket of comparators, which some ICSC members felt would be more representative and provide greater stability. The issue would be taken up again in the year 2001.

32. In response to a request from the General Assembly that ICSC should examine the possible phasing out of the expatriate element of the margin for staff with long service at one duty station, the Commission decided that a change was not justified, since the relative value of the three elements which served as a basis for the margin could not be quantified, as they varied considerably from one duty station to another and from one individual to another. After an exhaustive two-year study on the feasibility of establishing a single post adjustment index for Geneva reflecting prices of goods and services in that city and other neighbouring areas, the Commission had concluded that, in the light of the technical, legal and administrative

complexities, there was currently no benefit to be derived from pursuing the matter further.

33. On the question of whether to leave the current level of hazard pay for internationally recruited staff unchanged or to adjust it, either empirically or against an indicator, the Commission had decided to establish the amount pragmatically and increase it with effect from 1 June 1998. The amount would be reviewed again in the year 2002. In response to a request from the General Assembly to provide a justification for the supplemental subsistence allowance intended for higher-graded officials, D-1 and above, the Commission had remained persuaded that the supplemental allowance should be retained. It had also found that the establishment of a post allowance and separate maintenance allowance for staff members whose families remained at the home duty station while the staff members were on mission assignment was not currently warranted.

34. In 1998 the Commission had reviewed the language incentive scheme and language allowance for staff in the General Service and related categories at nine organizations and had decided to recommend that both should be discontinued as currently applied and replaced by a non-pensionable bonus. In addition, the bonus should be paid only if the language was actually used in the organization, and retesting or certification as to actual use should take place.

35. System-wide, women accounted for some 30 per cent of the staff, excluding the General Services, according to a comprehensive report on gender balance which ICSC had reviewed in spring 1998. While that figure represented an increase over previous years, the Commission had concluded that if the rate of progress continued at the same pace, fulfilment of the goal of 50/50 parity was still a long way off. The situation with regard to women at the P-5 and higher levels was even less encouraging.

36. One of the major recommendations of the Board of Auditors on the management review of the ICSC secretariat was that the Commission's operational and research activities would be greatly enhanced by the transfer of the data-processing operations into a state-of-the-art integrated management information system. The complete overhaul of current systems would cost an estimated $1.5 to $2 million. A detailed request for those additional resources would be submitted to the General Assembly as part of the ICSC budget for the biennium 2000–2001.

37. **Ms. Butschek** (Austria), speaking on behalf of the European Union and the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, said that the treatment of staff, who were the Organization's most important asset, was of great concern and that the common system was the best means of securing the highest standards of efficiency, competence and integrity, as required by the Charter. The common system promoted coherence and equality of conditions of service, and improved efficiency by obviating the need for each organization to research and administer remuneration arrangements individually. The role of ICSC should therefore be supported and its independence should be retained.

38. Conditions of service in the Organization must measure up to global competition while reflecting the unique nature of the United Nations. The Noblemaire principle was useful in that regard, and consideration should be given to the way it worked and to ways of increasing flexibility, such as the introduction of specialist pay. She concurred with the Commission's decisions as outlined in paragraph 88 of its report, particularly with respect to the maintenance of the current comparator and the conduct of a study on the use of a basket of comparators. She was concerned, however, that the Flemming principle resulted in distortions of the relationship between the pay scales of the Professional and General Service staff at some locations.

39. She agreed with the Commission's proposals concerning a moderate increase in base salary, a revised staff assessment scale and a slight increase in the dependency allowance, as well as those concerning the adjustment of the education grant, recognition of language knowledge and hazard pay. She also concurred with its conclusions on post adjustment matters (A/53/30, para. 153). She welcomed the progress achieved by the Working Group on the Consultative Process and Working Arrangements; in that connection, while the ICSC secretariat should play a more proactive role, the most important consideration was the assurance of the Commission's independence. All the parties concerned should actively pursue ways and means of enhancing dialogue. She welcomed the positive response of the ICSC secretariat to the management review of its work, and would appreciate information on any progress concerning the review of ICSC proposed by the Secretary-General. Lastly, she commended ICSC and the Secretariat on the timely issuance of the Commission's report and their efforts to enhance its user-friendliness.

40. **Mr. Vantsevich** (Belarus) said he was pleased that 12 organizations had accepted the ICSC statute and participated in the common system of salaries and allowances. The current report of ICSC (A/53/30) reflected the Commission's tendency to maintain a balance between the interests of the staff and those of the United Nations system as a whole. The outcome of the Commission's work in relation to parts I

and II of General Assembly resolution 52/216 inspired confidence, and he appreciated the Commission's analysis of the recommendations emanating from the review of the work of its secretariat. Both the Commission and the Fifth Committee must make additional efforts to address the problem of inter-grade differentials for Professional staff with a view to preserving the necessary differences between them. A solution must also be found to the difficulties associated with the need to raise salaries.

41. Pursuant to General Assembly resolution 52/216 G, the Commission had decided to establish a Working Group on Framework for Human Resources Management to propose a framework that would include a set of guiding principles and policies for the common system. Although he welcomed that decision, he regretted that the Working Group's first meeting would not take place until February 1999 and that, consequently, the Commission had not yet prepared the comprehensive report on new approaches to human resources management which it had intended to submit in 1998. He supported the Commission's decisions in connection with its standing mandate to review the status of women in the organizations. The publication of a booklet containing statistics on the subject and the creation of a database on recruitment sources, which should pay special attention to underrepresented countries and countries with economies in transition, would be important steps towards consolidating an equitable approach to the issue of recruitment.

42. Lastly, he was generally satisfied with the Commission's recommendations on specific aspects of the functioning of the United Nations system, and hoped that the Committee would give them careful consideration.

43. **Ms. Losier** (President of the Coordinating Committee for International Staff Unions and Associations of the United Nations System (CCISUA)) said that only strict adherence to the Noblemaire principle would enable the Organization to recruit and, particularly, to retain highly qualified staff. Contractual status was another important consideration, since the extended use of short-term appointments denied many staff members the benefits of leave, pension and medical insurance, while fixed-term appointments prevented staff from obtaining personal credit. She regretted that ICSC, for purely political reasons, had refused to recommend a change of comparator, despite clear evidence that the German civil service was better paid than the current comparator. Since ICSC had failed to live up to its role as an independent technical body, she hoped that the General Assembly would take the initiative in changing the comparator. With respect to the General Service staff, changes in salary survey methodologies had made it difficult to ensure that the best prevailing local rates were used, thereby contravening the Flemming principle.

44. With respect to staff in the field, recent reports had reflected, for the first time, a higher number of casualties among civilians than among military personnel. She welcomed the issuance, by the United Nations Security Coordinator, of a practical handbook for staff in the field. However, despite the clear need for stress counsellors in mission areas, lack of funding remained an obstacle. It was also necessary to address administrative threats to staff in the field, such as the use of limited-duration 300-series contracts with inferior benefits, which tended to exploit the very individuals who risked their lives every day. In view of recent incidents in which government decisions had threatened the contractual status of local staff, the Organization should try to negotiate headquarters agreements that provided the best possible protection for such staff.

45. The scholarship fund established by CCISUA for the children of staff who had lost their lives in the field would soon be launched, as sufficient seed money had finally become available; she hoped that voluntary contributions would be sufficient to sustain the fund into the future. In February 1998, the United Nations Staff Union had sponsored the first Summit on International Security of Staff, at the conclusion of which a number of recommendations had been submitted to the Secretary-General concerning, *inter alia*, the need to ensure consistently and equally the safety and security of all staff, both local and international; the need for the United Nations Security Coordinator to provide easier access to basic information on casualties and detained staff and to include a section on the subject in the Organization's Internet home page; the adoption of a policy to ensure that the contracts of staff members remained in force throughout their mission service; the need for firmness in ensuring that Governments implemented the Convention on the Privileges and Immunities of the United Nations in respect of all United Nations staff, including local recruits; and the establishment, by the Administrative Committee on Coordination, of a technological working group to set a common United Nations technological standard for emergency equipment and inter-agency protocol. CCISUA was pleased that only one more signatory was required for the Convention on the Safety of United Nations and Associated Personnel to enter into force, and urged all Member States to sign and ratify the Convention and to contribute to the trust fund established for training.

46. CCISUA had participated, in good faith, in the ICSC Working Group on the Consultative Process and Working Arrangements, and was generally satisfied with the Working

Group's recommendations. However, in adopting the Working Group's report, ICSC had failed to uphold the constructive spirit that had prevailed in the Group, especially with respect to the appointment of Commission members and the roles of the Executive Secretary and the secretariat. There was a need for a fundamental reform of the Commission; its functioning was profoundly flawed and it no longer acted as a body of independent technical experts, but had become increasingly politicized. CCISUA strongly supported the Secretary-General's recommendation that a review of ICSC should be undertaken, and welcomed the proposal to establish a review group to consider the mandate, membership and functioning of ICSC. The review group should consider the composition of the Commission and the qualification and technical expertise of its members.

47. ICSC had an important role to play in the common system, but must introduce meaningful changes in order to be able to play that role. CCISUA stood ready to participate in, and provide input to, the review group. The staff of the common system were fully committed to the Organization's goals, and supported efficiency, transparency and equity. She hoped that the decisions taken at the current session of the General Assembly would enable the staff organizations to resume their full participation in the establishment and review of conditions of service in the common-system organizations.

48. **Ms. Eldon** (President of the Federation of International Civil Servants' Associations (FICSA)) said that she shared the Secretary-General's view that reform required partnership among Member States, management and staff. FICSA reaffirmed its commitment to making a constructive contribution to the reform process. For the past six years, it had not participated in the ICSC consultative process on conditions of service and human resources issues because it felt that there was a need for reform of the Commission. Not only the staff, but also the administrations of the specialized agencies, had voiced concerns about the Commission. However, FICSA was not inflexible, as shown by its recent participation in the Commission's Working Group on the Consultative Process and Working Arrangements and by its agreement to amend rules and procedures instead of abolishing the Commission and replacing it with another body, as it had originally advocated.

49. Since the Commission could not pass judgement on itself, a number of issues relating to its reform, including the process of selecting and electing its members, must be addressed by Member States. Proposals in that area were contained in appendix V of the report of the Working Group on the Consultative Process and Working Arrangements, which appeared as annex II to the ICSC report. Although FICSA felt that the Commission's 25-year-old statute should be reviewed, the proposals put forward included measures that could be adopted without any statutory changes. Specifically, the proposals were aimed at strengthening the statutory requirements for membership of ICSC through the definition of a set of basic competencies essential to such a body, to be used as criteria for the selection of candidates. As a means of enhancing the consultative nature of the selection process, nominations should be sought from the parties concerned – Member States, administrations and staff – or a mechanism should be established to allow each party to provide more meaningful input, without prejudice to the prerogative of Member States to make the final determination as to the appointment of members of the Commission. She hoped that those proposals would be given due consideration at the current session.

50. FICSA had reservations about the Commission's recommendation (A/53/30, paras. 207 and 208) that the existing schemes for the recognition of language knowledge, which were working well, should be replaced with a lump-sum non-pensionable bonus payable only if the language was actually used. That scheme would reduce the existing incentive to staff to increase their knowledge of languages. Instead of promoting cultural diversity, it would represent simply a cheaper way of recognizing an essential skill, and would work against staff members whose mother tongue was not an official language of the United Nations. It would not help to create a flexible workforce or to achieve a better balance among the working languages in the recruitment of staff. Moreover, it would be legally contested, since it would involve the withdrawal of an acquired right. Any effort to strengthen multiculturalism in the Organization should build on existing systems that were working well and should emphasize training and career development.

51. The deterioration in compliance with the rules of international law in conflict situations made it necessary to change the United Nations Field Security Handbook, which currently offered different degrees of protection to internationally and locally recruited staff. An independent study had confirmed the illegality of that distinction. She encouraged Member States which had not already done so to ratify the Convention on the Safety of United Nations and Associated Personnel.

52. Despite the Secretary-General's repeated assurances that reform was not synonymous with budget and staff cuts, conditions of service continued to deteriorate. The Noblemaire and Flemming principles must be respected and applied as originally conceived. With respect to the proposed Code of Conduct, the staff appreciated the action taken by

the General Assembly at its preceding session, since it had responded in part to the staff's concerns. She trusted that the revision of the 1954 Standards of Conduct would fully respect basic international labour standards.

53. Change should not be an end in itself, but should introduce real improvements while respecting the principles and the international character of the United Nations system. Delegation of authority, flexibility and streamlining should not lead to a loss of transparency or of the controls necessary to ensure equality of treatment and to safeguard the Organization's image. She hoped that Member States would accept the Federation's proposal regarding an informal question-and-answer session between representatives of Member States and staff regarding the issues under consideration.

54. *Mr. Abelian (Armenia) took the Chair.*

Agenda item 121: United Nations pension system (A/53/9 and A/53/511; A/C.5/53/18)

55. **Mr. Goethel** (Chairman of the United Nations Joint Staff Pension Board), introducing the report of the United Nations Joint Staff Pension Board on its forty-eighth session (A/53/9), said that the length of the report was due to the biennialization of consideration of the pension system and to the Board's extensive review of the long-term administrative arrangements of the United Nations Joint Staff Pension Fund. The Board, which administered the Fund, was the only subsidiary organ of the General Assembly with a tripartite composition, consisting of equal representation of governing bodies, executive heads and participants from the 20 member organizations.

56. The Pension Board had taken note of the report of the Board of Auditors, which had recognized that the Fund's operations were carried out satisfactorily. The Pension Board attached considerable importance to the audit arrangements of the Fund, which served more than 110,000 participants and beneficiaries in a global pension system that paid out more than $78 million in 26 currencies each month.

57. It was a central responsibility of the Pension Board to monitor the actuarial position of the Fund. Actuarial valuations were normally carried out every two years to determine whether the Fund's present and estimated future assets would be sufficient to meet its liabilities. The results of various valuations, using different sets of assumptions, were set out in paragraph 20 of the report.

58. Under the regular valuation assumptions, the required rate of contribution for actuarial balance would be 23.34 per cent of pensionable remuneration, as against the current contribution rate of 23.7 per cent. Accordingly, as at 31 December 1997 there had been an actuarial surplus of 0.36 per cent of pensionable remuneration, compared with an actuarial deficit of 1.46 per cent of pensionable remuneration as at 31 December 1995. Whether an actuarial deficit would reappear depended upon future economic and demographic developments, particularly with regard to investment returns and exchange rates. A significant portion of the actuarial gain had been attributable to the strengthening of the United States dollar, without which the Fund would probably have remained in actuarial deficit. Nevertheless, the Committee of Actuaries had expressed the view that the present contribution rate of 23.7 per cent remained appropriate and should be retained, pending review on the occasion of the next valuation (A/53/9, para. 31).

59. The participants' representatives had stressed that the 6.5 per cent interest (discount) rate for the lump-sum commutations of periodic benefits constituted a substantial actuarial benefit for the Fund, the financial impact of which was borne solely by the participants. That rate had originally been set by the Board in order to help the Fund's actuarial situation. After extensive debate, the Board had decided to change the rate to 6 per cent, with respect to contributory service performed as from 1 January 2001, subject to a favourable actuarial valuation as at 31 December 1999 (para. 46).

60. At the request of the Federation of Associations of Former International Civil Servants (FAFICS), the Board had decided to recommend to the General Assembly that the threshold for effecting cost-of-living adjustments of pensions in award should be reduced from 3 to 2 per cent, with effect from the adjustment due on 1 April 2001, subject to a favourable actuarial valuation as at 31 December 1999 (para. 339).

61. The Board had requested its Secretary to review all changes made in the pension system since 1983, as part of the measures approved by the General Assembly to redress the past actuarial deficit. The study would be considered by the Standing Committee in 1999, together with the views of the Committee of Actuaries. The Board would consider the Standing Committee's recommendations in 2000, in the light of the results of the actuarial valuation as at 31 December 1999.

62. Operational responsibility for management of the Fund's investments rested with the Secretary-General. In that connection, he drew attention to the Board's review of investment developments (A/53/9, paras. 48-76). The good investment performance over the two-year period ending 31

March 1998 had contributed significantly to the actuarial surplus.

63. With respect to administrative expenses charged directly to the Fund, he recalled that the General Assembly, in resolution 52/222, had approved expenses totalling $50.1 million for the biennium 1998–1999; those expenses consisted of $15.7 million for administrative costs, $33.9 million for investment costs and $0.5 million for audit costs. The investment costs were charged fully against investment income. The review and proposals for future administrative arrangements, including cost-sharing, were to be found in paragraphs 106 to 202 of the report.

64. The Board was proposing revised estimates of $54.2 million for the Fund's budget for the biennium 1998–1999; that figure consisted of $17.1 million in administrative costs, $36.5 million in investment costs and $0.6 million in audit costs.

65. The Board had reached agreement on the delineation of operational and managerial responsibilities for the Fund's activities, in particular on the respective areas of responsibility of the Secretary of the Board and, with respect to investments, of the Secretary-General (paras. 191-193). The Board had also considered the levels of the posts of Chief of the Investments Management Service and of Secretary of the Board (paras. 233-238).

66. There was a pressing need for a new accounting system for the Fund, which was currently at a crucial stage in the implementation of the computerization project initiated in the early 1990s with the objective of streamlining and integrating the Fund's computer systems and applications. A new, highly integrated pension payroll system was now undergoing final testing. The next step would be to introduce a new accounting system to provide integrated reports and facilitate the processing of an ever-increasing client base. It was essential that the new accounting system should be fully operational by July 1999.

67. Regarding the proposed agreement between the Government of the Russian Federation and the Pension Board, to which the General Assembly had given its concurrence in its resolution 51/217, there had been no formal response from the Russian Government until July 1998 as a result of internal difficulties in the Russian Federation. The Russian Government had subsequently extended an invitation to the Fund to send representatives to discuss the proposed agreement. The date of such a visit would depend on the readiness of the Russian Government to pursue a solution to the problems that had arisen. It would be regrettable if the efforts to find a fair solution to the long-standing grievances of former participants in the Fund came to nothing.

68. On the question of entitlements for surviving and former spouses, the Board recommended an amendment to article 45 of the Regulations of the Fund to provide for a payment facility in respect of former spouses (para. 290). Other recommended amendments would provide benefits to surviving divorced spouses, permit beneficiaries who married after separation to purchase a surviving spouse's benefit, and continue the survivor's benefit after remarriage.

69. With regard to the common scale of staff assessment for pensionable remuneration, the Board had taken note of the recommendation of the International Civil Service Commission to retain the current common scale until the next review in 2000, since the level of taxes at the seven headquarters duty stations had showed minimal changes between 1995 and 1997. The Board was concerned that the Commission had not addressed the issue of using retiree, rather than employee, deductions.

70. On the question of the possible withdrawal of the Interim Commission for the International Trade Organization/General Agreement on Tariffs and Trade (ICITO/GATT) from membership in the Fund, the General Council of the World Trade Organization (WTO) had decided on a number of preconditions for authorizing an application for the withdrawal of ICITO/GATT, the principal one being that the proposed system of salaries, pensions and other benefits for an independent WTO secretariat outside the common system should be viable and cost-neutral in aggregate terms over the next five to seven years. The Board had decided to reaffirm its concurrence with the recommendations of the Committee of Actuaries as to the methodology to be used to determine the proportionate share of the Fund's assets when a member organization withdrew and, should ICITO/GATT make a formal application for withdrawal, to convene a meeting of the Committee of Actuaries and a special session of the Board to address the issues involved (para. 354). In October 1998 the WTO General Council had, in fact, decided to authorize the Director-General of WTO to inform the Fund that ICITO/GATT wished to apply for termination of its membership in the Fund, effective 31 December 1998; subject to the conclusion of satisfactory transfer arrangements and to acceptance of its proposed pension plan by the staff, the WTO secretariat would be established on 1 January 1999. Arrangements had been made for meetings of the Committee of Actuaries and of the Board, following a referendum by the WTO staff in November 1998. The Board would submit a report on the matter to the General

Assembly so that it could be addressed in the resolution on the pension system to be adopted at the current session.

71. **Mr. Connor** (Under-Secretary-General for Management), introducing the report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund for the period from 1 April 1996 to 31 March 1998 (A/C.5/53/18), said that on 31 March 1998 the market value of the Fund's assets had been $20,170 million, compared with $15,539 million on 31 March 1996, an increase of 29.8 per cent. The total investment return for the year to 31 March 1997 had been 8.9 per cent, and 20.4 per cent for the year to 31 March 1998. That represented inflation-adjusted rates of return of 5.9 per cent and 18.9 per cent respectively.

72. The Fund's equity portfolio, with a total return of 27.3 per cent, had contributed most to the Fund's positive return. The strong performance of the United States equity market, driven by good economic conditions had been a significant factor. European equity markets had also been strong during the biennium, they, too, having benefited from favourable economic conditions. The Japanese economy remained weak and, in July 1997, Asia and the Pacific had entered a period of economic turmoil that had continued to date.

73. Over the biennium, bond yields had fallen in nearly all markets because of low inflation worldwide. The Fund's bond portfolio had had a return of 3.6 per cent for the year ending 31 March 1997 and 7 per cent for the year ending 31 March 1998. Holdings in United States and United Kingdom bonds had helped the performance of the bond portfolio. Real estate investments had had a return of 8.6 per cent for the year ending 31 March 1997 and 18.9 per cent for the year ending 31 March 1998. Most of those investments were in the United States and had performed very well. Short-term investments and reserves had underperformed all other asset classes because of low short-term interest rates across the globe.

74. He cautioned against focusing on short-term results; investment returns should be looked at over a longer term. Indeed, the management of the Pension Fund sought to maintain a balance between risk and return expectations over the medium to long term, rather than take the risk inherent in very high short-term returns.

75. The need for a long-term perspective was demonstrated by the Fund's performance over the past, very volatile, six months. The Fund's total value in March 1998 ($20,170 million) had been similar to that in October 1998 ($20,200 million). However, between July and September there had a been a drop of almost $2 billion, or roughly 10 per cent, which had subsequently been reversed.

76. With regard to the history of the Fund's rate of return, over the 38-year period for which data were available, the cumulative annualized total rate of return had been 9 per cent, representing an annual real rate of return of 3.8 per cent. Over the past 15 years, the cumulative annualized total return had been 12.9 per cent.

77. The management of the Fund's investments relied on a broad diversification in terms of currency, types of asset classes and geographical areas as the most reliable method of reducing risk and improving returns. The Fund's accounts were in United States dollars, so that movements of the dollar affected the return on the Fund's investments denominated in other currencies. Over the past two years, all currencies had declined against the dollar, and that had produced a negative effect. As movements of currencies against the dollar were not synchronized, geographical diversification enhanced return and reduced risk.

78. It could be misleading to compare the investment returns of different funds because various factors could distort comparisons. The United Nations Joint Staff Pension Fund was unique in terms of its investment policy, its liability profile and, until recently, its investment restrictions. Pursuant to a request by the General Assembly, a benchmark for the Fund had been established in January 1997, consisting of two major indices: the Morgan Stanley Capital International World Index and the Salomon Brothers World Government Bond Index (A/C.5/53/18, para. 33). On the recommendation of the Investments Committee, the Secretary-General had approved a benchmark composed of 60 per cent Morgan Stanley Capital International World Index and 40 per cent Salomon Brothers World Government Bond Index (A/C.5/53/18, para. 33). Experience with the benchmark was still somewhat limited, but for the year ending 31 March 1998 the Fund had underperformed the benchmark by 0.9 per cent, mainly owing to bonds and stock selection. The components of the benchmark were the universe of equities included in the two indices. Over the past 20 years the Morgan Stanley Capital International World Index had had a total annualized return of 14.6 per cent, compared with a total annualized return of 14.1 per cent for the Fund's total equities, and the Salomon Brothers World Government Bond Index had had an annualized return of 9.9 per cent, compared with an annualized return of 10.9 per cent for the Fund's bond portfolio.

79. While efforts were made to anticipate the performance of asset classes and to structure the allocation accordingly, it was not easy to be right all the time. With a fund as large as the Joint Staff Pension Fund, it was not possible to allocate everything to the asset class that outperformed all others.

80. He paid a tribute to the members of the Investments Committee for their dedicated service in the management of the Fund's investments, to which the financial health of the Fund was due in no small measure. As of 1 January 1997, four new advisers had been offered contracts after an extensive worldwide search, and the Fund had benefited greatly from the insight of the highly reputable firms selected, whose staff he wished to commend.

81. In conclusion, he said that the management of the Fund's investments would continue to be guided by the established criteria of safety, profitability, liquidity and convertibility. While efforts were being made to benefit from the current volatility in the financial markets, the long-term investment strategy and the wide diversification of the Fund's assets would assist in avoiding undue risk and protect the Fund from large losses.

82. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report on the United Nations pension system (A/53/511), said that the Advisory Committee agreed with the Committee of Actuaries and the Pension Board that the present contribution rate of 23.7 per cent of pensionable remuneration should be retained. No attempt should be made to reduce the present rate of contributions or change any other features unless and until a pattern of surpluses emerged in future valuations (para. 6).

83. The Advisory Committee agreed with the revised expenses for the biennium 1998–1999. The Board and the Committee of Actuaries were of the view that in future the administrative expenses to be included in actuarial valuations should be based on the level of resources required to administer the Fund rather than by establishing a predetermined ratio. ACABQ agreed with that view, on the understanding that the policy of administrative cost restraint would continue and that the actuarial implications would continue to be monitored (para. 22).

84. The Advisory Committee agreed with the proposal that the post of Chief of the Investment Management Service should be reclassified from the D-1 to the D-2 level.

85. With respect to the proposal that the post of Secretary of the Board should be reclassified and that the title of the post should be changed to Chief Executive Officer of the Fund and Executive Secretary of the Board at a level mid-point between D-2 and Assistant Secretary-General, the Advisory Committee regarded the proposed as similar to the proposal made in 1993 to create a D-3 level for a limited number of posts. If approved, there might be repercussions in the form of pressure to move more D-2 posts to the D-3 level. The capacity and imagination of a bureaucracy to exploit any tiny opening should never be underestimated. The difference in monetary terms between the D-2 and Assistant Secretary-General levels was very minor. Accordingly, the Advisory Committee recommended that, taking into account the scope and responsibility of the post, it should be upgraded to the Assistant Secretary-General level.

86. The Advisory Committee also agreed with the proposed change in the title of the post to Chief Executive Officer of the Fund. In view of the fact that the Chief Executive Officer also served as Secretary of the Board, ACABQ recommended an appropriate amendment to article 7 (a) of the regulations of the United Nations Joint Staff Pension Fund.

87. **Ms. Butschek** (Austria), speaking on behalf of the European Union and the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, said they concurred with ACABQ that the current surplus in the Fund should be retained and strengthened over a number of years before its redistribution was considered. They supported the intention of the Secretary-General to develop a benchmark for better comparison with other funds on the international level. The European Union welcomed the newly developed regulations for entitlements to survivor's benefits for spouses and former spouses. They were a first step in the right direction, although there was further room for improvement.

88. The level of the post of the Secretary of the Board required special qualification commensurate with the responsibilities; it was therefore a prime candidate for specialist pay.

89. With regard to the decision by the World Trade Organization (WTO) to apply for termination of its membership in the Pension Fund on 31 December 1998, due attention should be given to the conclusion of satisfactory transfer arrangements between WTO and the Pension Fund.

The meeting rose at 6.15 p.m.

United Nations A/C.5/53/SR.19

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Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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98-82111 (E)

The meeting was called to order at 10 a.m.

Agenda item 120: United Nations common system (*continued*) (A/52/811; A/53/30 and Corr.1; A/C.5/53/27)

1. **Mr. Brevik** (Norway) said that to develop and maintain a strong, independent international civil service, the conditions of service of the staff, including compensation and allowances, must be made more attractive and more competitive. His delegation supported the recommendations of the International Civil Service Commission (ICSC) to that end. Moreover, the imbalance between the common system and conditions offered by other multilateral organizations must be corrected, which could be done by ensuring full implementation of the Noblemaire principle. His delegation would also support the establishment of a system that rewarded outstanding performance and addressed unsatisfactory performance. The system should include more flexible employment contracts. He trusted that ICSC would continue to do its utmost to ensure that the United Nations attracted and retained staff of the highest calibre from all national backgrounds.

2. The decision by the Commission to create a working group to examine a framework for human resources management, including human resources reforms, was a constructive initiative. Close consultations between the Office of Human Resources Management, staff representatives and ICSC were important in ensuring the successful implementation of the reforms that were under way.

3. The Working Group on the Consultative Process and Working Arrangements of ICSC had made satisfactory progress in its work; he trusted that the outstanding issues could be resolved. The Commission and the international civil servants' associations must establish a framework for cooperation, trust and mutual respect. His delegation had noted the joint statement of the representatives of the Administration and staff on the selection of members of the Commission. In that connection he looked forward with great interest to the review of the composition, mandate and functioning of ICSC which the Secretary-General had called for as part of the reform of human resources management.

4. The security of United Nations staff, particularly in high risk areas, was a great concern. His delegation appealed to all Member States to sign and ratify the 1994 Convention on the Safety of United Nations and Associated Personnel.

5. With regard to the report of the United Nations Joint Staff Pension Board (A/53/9), he noted with satisfaction that, for the first time in 20 years, the actuarial balance of the Fund was positive. He also welcomed the progress made in the administrative arrangements between the Fund and member organizations. The concept paper on cost-sharing arrangements between the Fund and the United Nations should provide a useful basis for future deliberations.

6. **Mr. Yamagiwa** (Japan) said that his delegation had always supported the common system, which not only allowed participating organizations to avoid burdensome administrative arrangements but also ensured equal and consistent conditions of service throughout the system, an important factor in view of the Secretary-General's proposal to enhance the mobility of the staff. The role of ICSC as an independent technical body serving the entire system must be maintained. In that context the Secretariat should indicate the current status of the reform of ICSC, proposed by the Secretary-General in document A/51/950 and requested by the General Assembly in its resolution 52/12 B.

7. His delegation appreciated the effort made by the Commission to make substantive progress in the consultative process, including the establishment of the Working Group on the Consultative Process and Working Arrangements of ICSC, comprising members of the Commission, the Consultative Committee on Administrative Questions (CCAQ) and representatives of the two staff associations. He supported the decisions made by ICSC and its rationale; the independence of the Commission should be carefully protected.

8. With regard to application of the Noblemaire principle and related matters, his delegation generally shared the views of ICSC. In particular, it supported the recommendation not to change the comparator at the current stage as well as its intention to undertake a study on the use of a basket of comparators (A/53/30, para. 88). Further, while there was cause for concern at the high rate of separation from service, particularly among junior officials, that did not seem to be attributable to salary levels, given the larger margin at the P-1 to P-3 levels (A/53/30, annex III), but to more fundamental problems, including the lack of career prospects in the Organization. Regarding expatriation elements, his delegation took note of the comments contained in paragraphs 108 and 109 of the ICSC report (A/53/30), and would like to encourage the Commission to undertake a further study of the issue of the margin for non-expatriate international staff members.

9. The Board of Auditors, in its report (A/52/811), had stated that the response rate for the Commission questionnaire regarding spending patterns of staff members, a factor of critical importance to the current system for determining post adjustment indices, was inadequately low,

which threatened to undermine the credibility of the system. In that connection his delegation would like to learn the views of ICSC on the recommendations of the Board contained in paragraphs 46 and 55 of its report.

10. He supported the decisions and recommendations of the Commission regarding conditions of service applicable to both categories. His delegation, in common with the Administrative Committee on Coordination (ACC) and CCAQ, was gravely concerned by security problems in the field, and therefore wished the Commission to consider recommending further measures in addition to hazard pay.

11. On the framework for human resources management (A/53/30, paras. 261–274), his delegation welcomed the identification of recruitment, career development and geographical balance as the major areas to be targeted, and stressed the importance of equitable geographical distribution. In that context it wished ICSC, using its decisions on gender balance (para. 290) as a model, to develop a set of guidelines on the accountability of senior officials with decision-making responsibilities for improving geographical representation.

12. **Mr. Lozinsky** (Russian Federation) said that his delegation paid special attention to the primary role of ICSC in regulating conditions of service in common system organizations. The General Assembly's recommendations on improving the functioning of the Commission had nothing to do with revising the instruments defining its role and functions. There could be no question of reviewing the statute and mandate of the Commission, including the selection of its members. In that regard article 3 of the statute of the Commission remained valid. Further, the Commission report contained quite detailed and convincing arguments against creating a group to review ICSC.

13. A number of the conclusions and recommendations of the Board of Auditors (A/52/811) went beyond the mandate it had received from the General Assembly, namely to review the work of the ICSC secretariat but not the substance of the issues considered by the Commission itself. In that regard he supported the view of ICSC in paragraph 19 of its report. All expert bodies, in carrying out their activities, must strictly follow the mandates given them by the General Assembly.

14. On the consultative process and working arrangements, ICSC concluded in its report (para. 53) that its decisions on the question were the result of flexibility demonstrated by the parties. In that regard his delegation considered that the amendments proposed to the rules of procedure should be field tested by ICSC, which could examine their impact on its efficiency. He would also like to be informed of the financial implications of the proposed changes. He noted that, according to the ICSC report, the Federation of International Civil Servants' Associations (FICSA) had maintained its observer status in the Working Group on the Consultative Process, even though favourable conditions to encourage full participation had been established. There was thus no need for further appeals to resume full participation.

15. With regard to the proposals to change the Commission's rules of procedure, his delegation wished the Commission to first request a legal opinion, as indicated in paragraph 54 of its report. In general, his delegation supported most of the recommendations of ICSC calling for a decision by the General Assembly or the legislative organs of the other participating organizations.

16. With regard to the conditions of service of the Professional and higher categories, his delegation noted that ICSC wished to suspend annual reporting of the German/United States total compensation margin until 2001 (para. 88 (d)). He stressed in that regard that the comparison methodology continued to cause serious concern and wished to state once again that there was no reason to study the possibility of issuing a basket of comparators and to include international organizations in the basket in view of the risk of biased results. The current system, with a single comparator, must be retained.

17. His delegation looked forward to the early availability of the results of the ICSC analysis of new approaches in the field of human resources management, requested by the General Assembly in its resolution 52/216, since that question was to be dealt with at the current session. He took note of the ICSC decision to create a working group to examine a framework for human resources management. Nevertheless, without prejudging the Commission's decisions, he cautioned against undue reliance on tripartism, and recalled that responsibility for the Commission's recommendations lay exclusively with its members.

Agenda item 121: United Nations pension system (*continued*) (A/53/9 and A/53/511; A/C.5/53/18)

18. **Ms. Shearouse** (United States of America) said that the United Nations Joint Staff Pension Board, in its recommendations and decisions, must maintain a balance between the financial health of the Fund and the needs of participants. She commended those responsible for managing investments; despite the volatility of financial markets, a real investment return of 18.9 per cent for the year ending 31 March 1998 marked the sixteenth consecutive year in which the Fund had achieved a positive return. It would be recalled that the Under-Secretary-General for Management had

stressed the effort to maintain a balance between risk and return expectations over the medium to long term, rather than take the risks inherent in seeking high short-term returns. In today's unpredictable financial markets, it was important for the Fund's investment portfolio to continue to be widely diversified in order to reduce risk and improve long-term returns.

19. As at 31 December 1997, the Fund, for the first time since 1978, had had a small actuarial surplus of 0.36 per cent of pensionable remuneration. The Committee of Actuaries had noted that a significant portion of the actuarial gain had been due to the strengthening of the United States dollar and investment returns since the previous valuation. Had that movement in exchange rates not occurred, the Fund would probably have remained in deficit. Nevertheless, her delegation agreed with the Committee of Actuaries and the Advisory Committee that that should not be a reason to make changes in either the contribution rate or in benefits. Any such changes should be subject to subsequent actuarial valuations.

20. On the important and long-ignored issue of entitlements for surviving spouses and former spouses, her delegation welcomed the new entitlements proposed, even though they fell short of meeting the needs of all concerned. On the elimination of the remarriage penalty, some restrictions should be imposed on eligibility for receipt. The Board should continue to seek to resolve those issues, without actuarial consequences.

21. Her delegation was disappointed at the lack of progress on the question of the rights of former participants in the Fund who were Russian citizens, and regretted that the Russian Federation had yet to ratify the agreement negotiated with the Board in 1996, which she urged it to do.

22. Her delegation supported the recommendations of the Board on administrative arrangements between the Fund, the United Nations and other member organizations. She also supported the recommendation contained in document A/C.5/53/3 that the Secretary-General should complete his consultations with other member organizations on the methodology for apportioning charges for services rendered to the Fund on their behalf by the United Nations. With regard to the proposed staffing changes, her delegation supported the position of the European Union.

Other matters

23. **Mr. Yamagiwa** (Japan) noted that a considerable number of documents had yet to be considered and that the symbols given in the note on the status of preparedness of documentation for the Fifth Committee (A/C.5/53/L.1/Rev.1) were often incomplete, which complicated the task of delegations. He hoped that the Secretariat would circulate a complete list as soon as possible.

24. **Ms. Silot Bravo** (Cuba) said that the ACABQ report on the report of the Secretary-General on human resources management reform (A/53/414) should be made available to the Fifth Committee the next time it took the question up.

25. **The Chairman** said that Tunisia had expressed the same view and that he had so informed the Advisory Committee, which had not yet responded.

26. **Mr. Sklar** (United States of America), referring to the statement made some weeks previously by the Under-Secretary-General for Management, which his delegation had commended, said that in addition to an amount of some $164 million ($50 million for the regular budget and approximately $111 million for peacekeeping operations) recently paid for 1998, the United States had the day before paid an amount of $197 million for the regular budget and for peacekeeping operations for 1999. That payment, made in advance, raised the total level of payments made in 1998 by the United States to $586 million, an amount representing virtually all the amounts due for the regular budget and peacekeeping operations. Thus, for the third year in succession, the United States had essentially paid all amounts due in respect of current budgets. Nevertheless, the United States Government would assiduously continue its efforts in Congress to settle the question of arrears.

27. Recalling that the Under-Secretary-General had announced that it might be necessary to borrow up to $247 million from the peacekeeping budget to offset the deficit on the regular budget to the end of 1998, he said that the maximum borrowing would be $50 million taking into account the receipt of $197 million. It might even be the case, should the performance report, in December 1998, show that expenses had been lower than anticipated, that there would be no need for borrowing, which would be the first time in three or four years.

28. **Mr. Thorne** (United Kingdom) asked the Under-Secretary-General for Management to indicate whether it was true that the Organization's situation might be considerably better in terms of borrowing from peacekeeping budgets and to indicate exactly what the situation was of the United States regarding arrears, the most recent figure being for 31 August. The United States, for its part, could, at an appropriate time, indicate when it intended to pay the balance for 1998 and whether conditions attached to such payment.

29. **The Chairman** said that the Permanent Representative of Costa Rica had addressed a letter to him asking him to seek the opinion of the Office of Legal Affairs on two matters under agenda item 118 (Scale of assessments for the apportionment of the expenses of the United Nations), raised in informal consultations. One related to requests for exemptions to the application of Article 19 being considered in the Committee on Contributions before being submitted to the General Assembly, the other to the legal consequences of that proposal for the General Assembly.

30. **Mr. Sial** (Pakistan) said that his delegation had submitted two paragraphs in informal consultations, one on Article 19 of the Charter, the other on rule 160 of the rules of procedure of the General Assembly. He wished the Office of Legal Affairs to take them into account as well.

31. **The Chairman** confirmed that he would transmit the request of the two delegations to the Office of Legal Affairs.

The meeting rose at 11.55 a.m.

United Nations A/C.5/53/SR.20

General Assembly
Fifty-third session

Official Records

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Fifth Committee

Summary record of the 20th meeting
Held at Headquarters, New York, on Friday, 6 November 1998, at 10 a.m.

Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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(i) Appointment of members of the Commission

(ii) Designation of the Chairman and Vice-Chairman of the Commission

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98-82183 (E)

The meeting was called to order at 10 a.m.

Agenda item 17: Appointments to fill vacancies in subsidiary organs and other appointments

1. **Mr. Monayair** (Kuwait), supported by **Mr. Darwish** (Egypt), speaking on a point of order, requested that the meeting be suspended for 10 minutes.

2. **The Chairman**, in accordance with rule 77 of the rules of procedure of the General Assembly and in the absence of any objections, declared the meeting suspended.

The meeting was suspended at 10.05 a.m. and resumed at 10.15 a.m.

3. **The Chairman** drew the Committee's attention to rule 92 of the rules of procedure of the General Assembly governing elections by secret ballot and to paragraph 16 of General Assembly decision 34/401 on the same subject.

(a) Appointment of members of the Advisory Committee on Administrative and Budgetary Questions (A/53/101; A/C.5/53/5)

4. **The Chairman** drew the Committee's attention to rules 155 and 156 of the rules of procedure of the General Assembly and said that the Assembly needed to appoint six persons for a three-year term of office beginning on 1 January 1999 to fill the vacancies that would arise in the Advisory Committee on Administrative and Budgetary Questions on 31 December 1998. According to the Secretary-General's note (A/C.5/53/5), nine persons had been nominated by their respective Governments. Since the number of candidates endorsed by the Group of Latin American and Caribbean States was equal to the number of vacancies for that group, he proposed that the Committee should take its decision by acclamation.

5. *It was so decided.*

6. *The Committee decided to recommend the appointment of Ms. Incera (Costa Rica) to the Advisory Committee on Administrative and Budgetary Questions.*

7. **The Chairman** invited the Committee to elect by secret ballot three candidates from the Group of Asian States and drew the attention of members of the Committee to rule 94 of the rules of procedure of the General Assembly.

8. *At the invitation of the Chairman, Ms. Dinic (Croatia) and Ms. Achouri (Tunisia) acted as tellers.*

9. *A vote was taken by secret ballot.*

Number of ballot papers:	176
Invalid ballots:	5
Number of valid ballots:	1..
Abstentions:	0
Number of members voting:	171
Required majority:	86
Number of votes obtained:	
Mr. Toya (Japan)	143
Mr. Kamal (Pakistan)	127
Mr. Saha (India)	113
Mr. Tang (China)	105

10. *Having obtained the required majority and the greatest number of votes, Mr. Kamal (Pakistan), Mr. Saha (India) and Mr. Toya (Japan) were recommended for appointment to the Advisory Committee on Administrative and Budgetary Questions.*

11. **The Chairman** invited the Committee to elect by secret ballot two candidates from the Group of Western European and Other States.

12. *At the invitation of the Chairman, Mr. Monayair (Kuwait) and Ms. Cardoze (Panama) acted as tellers*

13. *A vote was taken by secret ballot.*

Number of ballot papers:	177
Invalid ballots:	4
Number of valid ballots:	173
Abstentions:	0
Number of members voting:	173
Required majority:	87
Number of votes obtained:	
Mr. Thorne (United Kingdom)	105
Mr. Stein (Germany)	92
Mr. Valenza (Italy)	92
Ms. Shearouse (United States of America)	55

14. **The Chairman** invited the Committee to elect by secret ballot one of the two candidates who had obtained the same number of votes.

15. *At the invitation of the Chairman, Ms. Dinic (Croatia), Mr. Monayair (Kuwait) and Ms. Cardoze (Panama) acted as tellers.*

16. *A vote was taken by secret ballot.*

Number of ballot papers:	177
Invalid ballots:	4
Number of valid ballots:	173
Abstentions:	1
Number of members voting:	172
Required majority:	87
Number of votes obtained:	
Mr. Valenza (Italy)	105
Mr. Stein (Germany)	67

17. *Having obtained the required majority and the greatest number of votes, Mr. Thorne (United Kingdom) and Mr. Valenza (Italy) were recommended for appointment to the Advisory Committee on Administrative and Budgetary Questions.*

(b) Appointment of members of the Committee on Contributions (A/53/102; A/C.5/53/6)

18. **The Chairman** drew the Committee's attention to rules 158 and 159 of the rules of procedure of the General Assembly and said that the Assembly needed to appoint six persons for a three-year term of office beginning on 1 January 1999 to fill the vacancies that would arise in the Committee on Contributions on 31 December 1998. According to the Secretary-General's note (A/C.5/53/6), seven persons had been nominated by their respective Governments. Since the number of candidates endorsed by the Group of African States and the Group of Western European and Other States, respectively, was equal to the number of vacancies for each group, he took it that the Committee wished to take its decision by acclamation.

19. *It was so decided.*

20. *The Committee decided to recommend the appointment of Mr. Bierma (Netherlands), Mr. Ekorong A Ndong (Cameroon), Mr. Francis (Australia) and Mr. Hanson-Hall (Ghana) to the Committee on Contributions.*

21. **The Chairman** said that, in the case of the two vacancies to be filled within the Group of Latin American and Caribbean States, he had been informed that there was an agreement within the Group to jointly nominate three experts who would share by rotation the Group's two vacancies for the period 1999–2001, with each of the three nominees serving for two years. The Office of the Legal Counsel had confirmed that the General Assembly had in the past permitted the sharing of seats if there was agreement within a group to such sharing and provided that there was no objection by any other member of the Assembly.

22. If he heard no objection, he would take it that the Committee agreed that the three candidates could share the two seats on the Committee on Contributions for the Group of Latin American and Caribbean States.

23. *It was so decided.*

24. **The Chairman** said that, unless he heard any objection and without prejudice to rule 159 of the rules of procedure of the General Assembly, he would take it that the Committee wished to take its decision on the appointments by acclamation.

25. *It was so decided.*

26. *The Committee decided to recommend the appointment to the Committee on Contributions of Mr. Chaparro Ruiz (Chile) for a term of office from 1 January 1999 to 31 December 2000, Mr. Greiver (Uruguay) for a term of office from 1 January 2000 to 31 December 2001, and Mr. Iglesias (Argentina) for a term of office from 1 January to 31 December 1999 and from 1 January to 31 December 2001.*

(c) Appointment of a member of the Board of Auditors (A/53/103; A/C.5/53/7)

27. **The Chairman** drew the Committee's attention to the note of the Secretary-General (A/53/103) informing the General Assembly of the need to appoint the Auditor-General (or officer holding the equivalent title) of a Member State for a three-year term of office to fill the vacancy that would arise on 1 July 1999 on the United Nations Board of Auditors. Since three Governments had presented candidates to fill the vacancy, he invited the Committee to elect one of the candidates by secret ballot.

28. *At the invitation of the Chairman, Ms. Duschner (Canada), Mr. Medina (Morocco) and Ms. Kaukungwa (Namibia) acted as tellers.*

29. *A vote was taken by secret ballot.*

Number of ballot papers:	177
Invalid ballots:	0
Number of valid ballots:	177
Abstentions:	1
Number of members voting:	176
Required majority:	89
Number of votes obtained:	
The Chairman of the Commission of Audit of the Philippines	117
The Auditor-General of Pakistan	33
The Comptroller and Auditor-General of India	26

30. *Having obtained the required majority, the Chairman of the Commission of Audit of the Philippines was recommended for appointment to the Board of Auditors.*

(d) Confirmation of the appointment of members of the Investments Committee (A/53/104; A/C.5/53/8)

31. **The Chairman** drew the Committee's attention to document A/C.5/53/8, in which the Secretary-General had presented for confirmation by the General Assembly the reappointment of three members of the Investments Committee for a three-year term of office beginning on 1 January 1998. Since the number of candidates

corresponded to the number of vacancies, he took it that the Committee wished to take its decision by acclamation.

32. *It was so decided.*

33. *The Committee decided to recommend the reappointment of Mr. Oltramare (Switzerland), Mr. Omaboe (Ghana) and Mr. Reimnitz (Germany) to the Investments Committee.*

(e) Appointment of members of the United Nations Administrative Tribunal (A/53/105; A/C.5/53/9)

34. **The Chairman** drew the Committee's attention to document A/C.5/53/9, in which the Secretary-General communicated to the General Assembly the names of three persons nominated by their respective Governments to fill the two vacancies in the membership of the United Nations Administrative Tribunal for a three-year term of office beginning on 1 January 1999. Since the number of candidates was greater than the number of vacancies, he invited the Committee to elect by secret ballot two of the candidates.

35. *At the invitation of the Chairman, Ms. Silot (Cuba), Mr. Ivaschenko (Ukraine) and Mr. Mazemo (Zimbabwe) acted as tellers.*

36. *A vote was taken by secret ballot.*

Number of ballot papers:	177
Invalid ballots:	3
Number of valid ballots:	174
Abstentions:	1
Number of members voting:	173
Required majority:	87
Number of votes obtained:	
Mr. Haugh (Ireland)	128
Ms. Ashford (United States of America)	110
Ms. Magezi (Uganda)	91

37. *Having obtained the required majority and the greatest number of votes, Mr. Haugh (Ireland) and Ms. Ashford (United States of America) were recommended for appointment to the United Nations Administrative Tribunal.*

(f) International Civil Service Commission

(i) Appointment of members of the Commission (A/53/106; A/C.5/53/10)

38. **The Chairman** drew the Committee's attention to document A/C.5/53/10, in which the Secretary-General communicated to the General Assembly the names of five persons nominated by their respective Governments for appointment to the International Civil Service Commission for a four-year term of office beginning on 1 January 1999. Since the number of candidates was equal to the number of vacancies, he took it that the Committee wished to take its decision by acclamation.

39. *It was so decided*

40. *The Committee decided to recommend the reappointment of Mr. Bel Hadj Amor (Tunisia), Ms. Daddah (Mauritania), Mr. Stöckl (Germany) and Mr. Vegega (Argentina) and the appointment of Mr. Wyzner (Poland) to the International Civil Service Commission.*

(ii) Designation of the Chairman and Vice-Chairman of the Commission (A/53/106; A/C.5/53/10/Add.1)

41. **The Chairman** drew the Committee's attention to document A/C.5/53/10/Add.1, in which the Secretary-General communicated to the General Assembly the names of two candidates for the posts of Chairman and Vice-Chairman, respectively, of the International Civil Service Commission. Since the number of candidates was equal to the number of vacancies, he took it that the Committee wished to take its decision by acclamation.

42. *It was so decided.*

43. *The Committee decided to recommend the reappointment of Mr. Bel Hadj Amor and Mr. Vegega as President and Vice-President, respectively, of the International Civil Service Commission.*

44. **The Chairman** said that the Committee had thus concluded its consideration of agenda item 17 (a) to (f) and requested the Rapporteur to report directly thereon to the General Assembly.

The meeting rose at 12.30 p.m.

United Nations A/C.5/53/SR.21

General Assembly
Fifty-third session

Official Records

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Fifth Committee

Summary record of the 21th meeting
Held at Headquarters, New York, on Friday, 6 November 1998, at 3 p.m.

Chairman: Mr. Ahounou (Vice-Chairman) ..... (Côte d'Ivoire)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 120: United Nations common system (*continued*)

Agenda item 121: United Nations pension system (*continued*)

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98-82195 (E)

In the absence of Mr. Abelian (Armenia), Mr. Ahounou (Côte d'Ivoire), Vice-Chairman, took the Chair.

The meeting was called to order at 3.05 p.m.

Agenda item 120: United Nations common system (*continued*) (A/52/811; A/53/30 and Corr.1; A/C.5/53/27)

1. **Mr. Atiyanto** (Indonesia), speaking on behalf of the Group of 77 and China, commended the International Civil Service Commission (ICSC) for having submitted a report whose format and presentation reflected the recommendations contained in paragraphs 24 and 25 of General Assembly resolution 52/214 B. No attempt should be made to modify the important role of ICSC in the regulation and coordination of conditions of service throughout the common system. The participation of staff representatives in the Commission's work was still limited, yet such participation could enhance the outcome of the Commission's deliberations. He asked for clarification of the conclusion, in paragraph 19 of the ICSC report (A/53/30), that some of the comments and recommendations made by the Board of Auditors as a result of its management review of the ICSC secretariat (A/52/811) had concerned areas that went beyond the Board's mandate. With respect to the report of the Working Group on the Consultative Process and Working Arrangements and the Commission's comments and decisions thereon, the proposals put forward would strengthen the Commission's decision-making process and the authority of those decisions.

2. In response to the observations of the Consultative Committee on Administrative Questions (CCAQ) contained in paragraph 41 of the ICSC report, he emphasized that the election of experts to the Commission was the prerogative of the General Assembly. He welcomed the proposal contained in annex II, paragraph 19, of the ICSC report, to the effect that working groups consisting of representatives of all parties concerned should be established for the consideration of all key issues. With respect to paragraph 54 of the report, he would like information on the status of the request for a legal opinion and clarification of the condition laid down for the implementation of the Working Group's proposals. Particular attention should be paid to the linguistic abilities of the ICSC secretariat members; in that regard, the Working Group's proposal on the establishment of a consultation mechanism among all the parties concerned deserved further consideration.

3. On the issue of the comparator, he reaffirmed that the Noblemaire principle should be the basis for determining the conditions of service of staff in the Professional and higher categories. Lastly, in view of the complexity of establishing a single post adjustment index for Geneva, he hoped that the Geneva-based organizations would provide the additional information mentioned by the Commission in paragraph 145 of its report so that it would be in a position to respond fully to the request made by the General Assembly.

4. **Mr. Orr** (Canada), speaking on behalf also of Australia and New Zealand, said that, although ICSC had succeeded in preparing recommendations based on sound and impartial interpretations of fundamental principles such as the Noblemaire and Flemming principles, its work could always be further improved. In that connection, he welcomed the observations and recommendations of the Board of Auditors in relation to its management review of the ICSC secretariat. Regular audits of the Commission's activities should be carried out as a means of enhancing transparency.

5. The report of the Board of Auditors (A/52/811) provided valuable insight into the Commission's technical interpretations and implementation of the General Assembly's policy decisions. Those interpretations tended to result in higher pay levels for United Nations staff than would otherwise have been the case. For example, the techniques used to determine General Service salary scales had resulted in salary increases in cases where the outcome should have been the opposite. In line with the Flemming principle, General Service salaries should be based on surveys that were representative of the local employment market, not an exclusive sample of the best of the best, and should be established at the 75th percentile of the local market in accordance with those surveys. The Commission should follow up on that issue in the light of the observations of the Board of Auditors.

6. The management review had also detected problems with the surveys used to establish the post adjustment for Professional salaries. Household expenditure questionnaires and data collection methods should be improved so that they would yield more accurate expenditure weights. Since the expansion in the number of private- and public-sector employers with international staff had led to the establishment of service companies that provided, at minimal cost, information on salaries for local and international staff at most United Nations duty stations, ICSC should compare the information it used with that provided by such companies; in time, some of those services could be outsourced on a cost-effective basis. He was concerned about the definition of the Noblemaire principle contained in the report of the Board of Auditors, which differed from the accepted definition contained in the ICSC report. He disagreed with the Commission's observation that the current comparator was no longer the best, since there were

problems with the methodology used to identify the highest paid civil service. In particular, the methodology used to determine the potential comparator had differed from the one applied to the current comparator.

7. He was disappointed that the Commission had failed to recommend a Geneva post adjustment that fully reflected the cost of living of all staff at that duty station, despite the General Assembly's repeated requests for action on that issue. The 30 per cent of such staff who lived in areas surrounding Geneva benefited from a post adjustment based solely on Geneva prices, even though the cost of living in those areas was about 18 per cent lower than that in Geneva. Methodological and legal solutions could and should be pursued before the next salary survey in Geneva in the year 2000. The Commission should seek an advance ruling from the Administrative Tribunal on any proposed response to the General Assembly's request.

8. He welcomed the progress made towards normalizing working relations between ICSC and the staff organizations, and was pleased that the Commission had adopted the substance, if not always the letter, of the constructive recommendations made by the Working Group on the Consultative Process and Working Arrangements. Although he saw no need to change the structure of the ICSC membership, he believed that the Working Group's proposals concerning the skills and qualifications that should be required of ICSC members would provide a sound basis for broad acceptance of the Commission's decisions. That issue should be considered further by the Fifth Committee and should be included in the review of ICSC recommended by the Secretary-General. The terms of reference for that review should reflect the current challenges to the integrity and long-term viability of the common system, and should cover issues such as the appointment of ICSC members and the feasibility of outsourcing data collection.

9. **Ms. Cardoze** (Panama), speaking on behalf of the Rio Group, said that the Commission's new focus on human resources management issues, in addition to its traditional consideration of remuneration levels, was particularly appropriate at a time of reform and change. Since the Commission had adopted, with slight adjustments that were within its competence, the recommendations of the Working Group on the Consultative Process and Working Arrangements, she hoped that both the Coordinating Committee for International Staff Unions and Associations of the United Nations System (CCISUA) and the Federation of International Civil Servants' Associations (FICSA) would resume their full participation in the Commission's work. Full independence must be maintained in relation to the election of members to the Commission.

10. She was pleased that the Commission, within its current capacities, had begun to implement some of the recommendations of the Board of Auditors, particularly with respect to the creation of a personnel database for the organizations of the common system and the introduction of a computerized integrated management information system. On the issue of recognition of language knowledge in the common system, the Commission's proposal to replace the current incentive system with a non-pensionable bonus would align the treatment of Professional staff with that of General Service staff. The Commission's recommendation had the advantages of establishing a clearly identifiable incentive and providing for periodic confirmation that language skills were maintained.

11. With respect to the possible partial phasing out of the expatriate elements of the margin for staff with long service at one duty station, the Rio Group felt that there were insufficient grounds for any change. ICSC had already considered the issue in 1985 and had informed the General Assembly of the difficulties in quantifying the various elements of the margin. The Commission's new study on the issue had confirmed those conclusions. With respect to gender balance in the United Nations system, she was concerned to note that, although the situation had improved, it was still far from the goal of parity. She hoped that the organizations would hire more women, especially from developing countries, and that the study to be conducted by ICSC in 2001 would show more satisfactory results.

12. She welcomed the establishment of the Working Group on Framework for Human Resources Management and hoped that it would make useful and innovative recommendations on guiding principles for the common system. She also welcomed the information that changes in the post adjustment for New York were not automatically transferred to other duty stations and, especially, that they did not encroach on the General Assembly's responsibility of determining pay levels through the management of the margin. She supported the Commission's conclusion that no change in the current system should be considered for the moment. On the subject of the Geneva post adjustment, she concurred with the Commission's conclusion that a single index for Geneva could not be established as yet, owing to complex technical, legal and administrative difficulties.

13. The Commission's recommendations on the evolution of the margin, the base/floor salary scale, staff assessment, the education grant and dependency allowances were based on previously accepted methodologies. The Rio Group was pleased that ICSC was studying the problem of very low margins at the higher levels of the common system, and hoped that a satisfactory solution would be found. It also

noted that the Commission would, in its study in 2001 on the identification of the best paid national civil service, consider the use of a basket of comparators. Lastly, she commended ICSC for its rapid and efficient response, on short notice, to the General Assembly's request that it should examine the Code of Conduct proposed by the Secretary-General in document A/52/488.

14. **Mr. Nee** (United States of America) said that his country strongly supported the Commission's role in regulating and coordinating conditions of service for the staff of the common syst[illegible] In the interest of maintaining the Commission's competence and credibility, he urged all Member States to ensure that their candidates for membership of the Commission had the requisite technical expertise and experience. He cautioned against over-reliance on tripartite consultation in the Commission's work, since the Commission must base its decisions and recommendations on the conclusions it reached as a thoroughly independent technical body. With respect to the Commission's decisions on the consultative process, its reports should contain information on all the views expressed by the individual ICSC members, even in the case of consensus decisions, since the members were independent experts who brought different types of knowledge and experience to their job.

15. He supported the Commission's recommendations on the base/floor salary scale, the corresponding staff assessment scale and dependency allowances. He trusted that the financial implications of those recommendations would be absorbed from within the current budget level. Moreover, he agreed that the current language incentive programme for staff in the Professional and higher categories should be replaced with a non-pensionable bonus. That approach would clearly and closely link the programme's purpose to the benefits received, thereby better enabling the organizations to encourage the acquisition and use of language skills, and would make the incentive programme easier to administer and evaluate. He also agreed that payment of the bonus should be subject to periodic retesting and certification of actual use of language skills. His delegation might accept the Commission's recommendations on the education grant, but would like assurances that the grant was not being paid to staff members living in their home country and that controls were in place to ensure that the grant was paid only in cases in which it would clearly facilitate the child's reassimilation into the staff member's home country.

16. He encouraged ICSC to continue to foster a culture that encouraged full participation by women throughout the common system. Every effort must be made to remove the glass ceiling at the P-5 level through the recruitment and promotion of women to senior policy-level and decision-making posts. With respect to the treatment of expatriation, he was concerned about the suggestion, in paragraph 110 of the report, that the international civil service should be compared to the foreign service of the comparator country. That was not a valid comparison, owing to factors such as the length of expatriate assignments in the latter service, and was contrary to the Noblemaire principle. Also contrary to that principle was the indication, in paragraph 88 (d) (i), that the Commission intended to study the use of a basket of comparators.

17. The Commission had not made a convincing case for the retention of the supplemental daily subsistence allowance (DSA). Although he welcomed the management review of the ICSC secretariat, he was disappointed that the review had not focused more on how the Commission carried out its day-to-day activities, its allocation of resources for major programme objectives, its methods of ensuring the accountability of its managers and its overall effectiveness and efficiency. His delegation had long been concerned about the need to adjust the margin so that all grade levels were brought within the prescribed limits, and looked forward to the Commission's proposals on cost-neutral ways of improving the situation. Lastly, he was greatly disappointed that the Commission had been unable to respond to the General Assembly's repeated requests for the establishment of a single post adjustment index for Geneva. The time had come to correct the situation, and the Commission should proceed without further delay to establish two separate post adjustments for Geneva.

18. **Mr. Ivaschenko** (Ukraine) said that he supported most of the conclusions and recommendations contained in the Commission's report and welcomed the fact that the Commission had responded positively to the recommendations of the Board of Auditors concerning the management review of its secretariat. His delegation supported the Commission's decision to increase the base salary and dependency allowances for Professional and higher categories of staff. Such steps were necessary to reflect the increases in the comparator's salary scale and the value of tax abatements and social benefits at some duty stations. It also shared the Commission's view that the local currency entitlement for dependency allowances for hard currency duty stations should be maintained and that the amount of the allowance should be appropriately reduced in cases where dependants were subsidized by their respective Governments. However, the issue of changing the current comparator should be raised only after the Commission completed a comprehensive study of the problem.

19. His delegation recognized the complexity of post adjustment issues for the Geneva-based organizations. It urged the Commission to come up as soon as possible with concrete proposals for the establishment of a single post adjustment index for Geneva that would ensure the purchasing parity of staff serving in Geneva-based organizations, irrespective of their place of residence. The language incentive should remain a tool for encouraging the proficiency of staff in the Organization's working languages, and his delegation concurred with the Commission's recommendations to replace the current language incentive by a non-pensionable bonus.

20. Given the broad scope of its activities, the Commission should have direct access to a centralized, comprehensive and up-to-date human resource database for each organization of the common system. In that connection, utilization of the Integrated Management Information System for the gathering, transmission and processing of information could greatly facilitate the Commission's technical work.

21. His delegation attached particular importance to the issue of gender balance and welcomed the Commission's decision to develop a set of guidelines for those with decision-making responsibilities to support accountability for ensuring gender balance. The achievement of equal proportions of men and women in the international civil service should not, however, be seen as an end in itself. Recruitment must be based on the principles of equitable geographical representation and selection of the best qualified candidates. The Commission should also play a more active role in the formulation of career development policies in the United Nations. Its decision to create a working group to examine a framework for human resources management was therefore welcome.

22. Lastly, his delegation welcomed the constructive exchange of views between the representatives of ICSC, FICSA and CCISUA within the framework of the ICSC Working Group on the Consultative Process and Working Arrangements, which had resulted in a number of compromise decisions. Implementation of those decisions, however, should not affect the decision-making authority of the Commission itself or hamper the efficiency of its work. His delegation fully shared the Commission's view that before any amendments were made to its rules of procedure a legal opinion should be sought in order to avoid unpredictable legal consequences and to ensure that such amendments were not in conflict with the Commission's Statute.

23. **Mr. Park Hae-yun** (Republic of Korea) said that in order to maintain high standards of efficiency, competence and integrity among United Nations staff, conditions of service must be attractive and fully competitive. In that connection, the common system, by ensuring consistency and equality in conditions of service throughout the United Nations system, and the Commission, which operated as an independent, technical and professional body answerable to the General Assembly, played essential roles. With regard to the application of the Noblemaire principle, changes in the current methodology should be made only after a thorough review of the resulting technical and organizational complications and financial implications. His delegation shared the Commission's view that it would be inopportune to change the current comparator at the current stage and that the possibility of using a basket of comparators should be reviewed. It also supported the Commission's recommendations on a 2.48 per cent increase in the common system's base/floor salary scale, increases in dependency allowances, adjustment of the education grant, recognition of language knowledge and hazard pay. Further research was needed on the elements of expatriation and the establishment of a single post adjustment index for Geneva. Any changes in the current salary structure, however, should be made in such a way as to encourage career development and to provide more incentives for better performance.

24. His delegation welcomed the progress achieved by the ICSC Working Group on the Consultative Process and Working Arrangements and encouraged all the parties concerned to participate fully in the process. It stressed the importance of the Commission's independence in discharging its responsibility for regulating and coordinating the conditions of service of the staff of the United Nations common system.

25. **Mr. Medina** (Morocco) said that his delegation shared the views expressed by the representative of Indonesia on behalf of the Group of 77 and China, but wished to highlight some additional aspects of the Commission's report. With regard to the report of the Board of Auditors on the management review of the secretariat of ICSC, the Commission should perhaps be invited to clarify the situation and to propose to the General Assembly any amendments to its Statute which it might deem helpful. Additional information should also be sought from the Board of Auditors. The results of the work of the ICSC Working Group on the Consultative Process and Working Arrangements were on the whole positive. His delegation supported in particular the Working Group's proposals concerning the Commission's working methods. On the question of information gathering, documentation in all the

official languages should be made available to the Commission within the deadlines proposed by the Working Group. With regard to decision-making and the role of the Commission secretariat, ICSC should be requested to continue the review of its Statute and of the composition of its secretariat and to report thereon to the General Assembly.

26. His delegation noted that some aspects of the conditions of service of United Nations staff continued to present difficulties and stressed the need for a reliable database in order to facilitate decision-making by the Commission. Recognition of language knowledge in the United Nations was the only issue on which a vote had been taken in the Commission. His delegation emphasized the importance of taking such knowledge into account in the recruitment and promotion of staff and of extending the same treatment to all the official languages of the United Nations, without favouring any one language over another.

27. **Mr. Kabir** (Bangladesh) said that his delegation fully shared the views expressed by the representative of Indonesia on behalf of the Group of 77 and China but wished to make a number of additional points. The Commission had been doing a satisfactory job of regulating and coordinating conditions of service in the United Nations common system. There was therefore no justification for reviewing its Statute at the current time. In considering the suggestion to establish a review group to examine various aspects of the Commission's work, the General Assembly should take into account all relevant factors, including the need to maintain the Commission's independence and effectiveness.

28. The consultative process which had been initiated the previous year had generated valuable inputs for the Commission's decision-making process. All the parties concerned should show flexibility and engage in constructive dialogue with the Commission. His delegation supported the idea that conditions of service must be made attractive and competitive and believed that the Commission's recommendations would contribute to that end. The Commission's decision to create a working group to examine a framework for human resources management was a welcome one which would help to address the various aspects of human resources management throughout the common system.

29. The situation with regard to the Board of Auditor's recommendations on the management review of the ICSC secretariat needed further clarification, especially since the Commission had implemented a number of the Board's recommendations even though it claimed that the Board had exceeded its mandate by calling into question decisions of the Commission and of the General Assembly.

30. **Mr. Yao Xiaodong** (China) said that his delegation appreciated the positive attitude which the Commission had adopted in responding to the recommendations of the Board of Auditors, even though a number of questions needed further study and clarification. It also welcomed the pragmatic attitude and spirit of cooperation which all sides had demonstrated in discussing the consultative process and working arrangements. It believed that United Nations audits should be carried out within the framework of General Assembly mandates.

31. With regard to the conditions of service of the Professional and higher categories, his delegation had noted the Commission's conclusions with respect to the comparator civil service, narrower margins for higher categories, the treatment of expatriates and post adjustment, and it shared the Commission's view that some related questions required further study. It agreed in principle on the need for periodic adjustments to the salary levels and benefits of the common system and supported the formulas which the Commission had proposed.

32. His delegation appreciated the Commission's work and activities on a framework for human resources management. Some of the Commission's proposals, such as the establishment of a data bank for recruitment, seemed interesting. International civil servants were the most valuable asset of the United Nations system and the necessary measures should be taken to guarantee their security.

33. **Ms. Nyirinkindi** (Uganda) said that the Commission's report was balanced and fair. It contained a reasonable set of measures which reflected the need to maintain an international civil service of the highest standards of efficiency, competence and integrity in the context of the scarce resources available to the Organization. Her delegation shared some of the concerns which had been expressed by the representatives of FICSA and CCISUA, particularly those relating to the conditions of service and the security of staff in the field.

34. In order to attract and retain international civil servants of the highest calibre, remuneration and conditions of work must also be attractive. In that connection, her delegation reiterated its commitment to the Noblemaire and Flemming principles and noted that, as a result of current conditions of service, some Governments had resorted to making supplementary payments to their nationals employed in the common system. Failure to provide remuneration which took fully into account the conditions of service of the highest paid national civil service would continue to expose staff to pressures and make it impossible for the Secretary-General

to retain staff of the highest standards of efficiency, competence and integrity, as required under the Charter. There was room for significant improvement in the security arrangements for staff in the field and the Secretariat office responsible should brief the Committee on the measures it had instituted to reduce the risk of loss of life.

35. Her delegation shared the Commission's view that the Board of Auditors had exceeded its mandate in some of it conclusions and recommendations. Lastly, it was pleased to note that the staff unions and associations had participated in consultations with a view to improving the efficiency of the Commission's work.

Agenda Item 121: United Nations Pension System (*continued*) (A/53/9 and A/53/511; A/C.5/53/18)

36. **Mr. Orr** (Canada), speaking on behalf also of Australia and New Zealand, said he regretted that the United Nations Joint Staff Pension Board had had to resort to voting on a number of recommendations in its report (A/53/9) and expressed the hope that the Board would be able to reach its decisions by consensus in the future.

37. He noted from the table in paragraph 20 of the report that, as at the date of the most recent actuarial valuation of the Fund, the current contribution rate of 23.7 per cent of pensionable remuneration was slightly more than the required rate and that the table entitled "funded ratios" in paragraph 24 of the report indicated that, on a "plan termination" basis, the Fund had 141 per cent of the assets required to meet its obligations. However, the report also stated that, if future pensions were adjusted for inflation and the two-track system was maintained, the Fund would have only 88 per cent of the assets required to meet future liabilities. He asked for an explanation of the differences between those two methods of valuation.

38. With reference to the use of benchmarks to measure investment performance, he said that the wide geographical diversification of the Fund did not preclude comparison of its portfolio performance with appropriate national or regional benchmarks and asked how the Fund's United States portfolio had performed in relation to United States pension funds. In view of the complexity and diversity of world financial markets, he had been pleased to learn that the Fund had engaged the services of four external investment advisers.

39. It was gratifying to note that the Board had begun to address the issue of benefits for former or legally separated spouses. In that connection, the implementation of the amendments to article 45 of the Administrative Rules of the Fund would make it more difficult for participants to evade their legal obligations by using the immunity of the Fund. However, the delegations he represented would have preferred the amendment to go further by excluding the need for consent by the participant. The next step would be for the Pension Board to further review the article at its next meeting with a view to establishing authority to act without the participant's consent if there was a legally binding court order or settlement agreement.

40. **Mr. Deineko** (Russian Federation) said that recent events, particularly the financial crisis in Asia the consequences of which the Fund had largely been able to avoid, and the Fund's overall performance in recent years, had shown the soundness of its strategy of concentrating on long-term investment.

41. While the outcome of the most recent actuarial valuation of the Fund was a source of satisfaction to his delegation, he warned against any taking any hasty decisions on that basis since the Fund's future actuarial position was subject to a number of imponderables. In the view of his delegation, once the positive trend in the actuarial balance had been maintained for a considerable period of time, the Board should, in the first instance, make a proposal on the reduction of contributions. In that context, his delegation was cautious about the decision of the Board to reduce the interest (discount) rate for lump-sum commutations of periodic benefits and was, moreover, disappointed that it had been necessary to vote on the matter. He noted that the final decision to be taken by the Board on the rate applicable to lump-sum commutations would be subject to a favourable actuarial valuation as at 31 December 1999.

42. Referring to the Fund's administrative arrangements, he said that the matter had been carefully studied both by the Fund's secretariat and by the Board, with an emphasis on the long-term implications of any possible change. His delegation fully supported the recommendations of the Board in that connection. It also supported the Board's recommendation on the revised budget estimates and was ready to consider positively the proposed reclassifications of the posts of Secretary of the Fund and Chief of the Investment Management Service.

43. On the subject of the pension adjustment system, his delegation felt that sufficient reasons had not been given to justify the Board's proposal in paragraph 339 of its report (A/53/9) to reduce the threshold for effecting cost-of-living adjustments of pensions in award from 3 to 2 per cent, and believed that the matter should be addressed once the improvement in the Fund's actuarial position had become well established. On that matter too, his delegation regretted that the recommendation had required a vote; it called on the

Board to avoid voting in future and to keep to the principle of taking its decisions by consensus. He drew the attention of the Secretary and the Chairman of the Board to the work being done by the International Civil Service Commission on human resources, particularly with regard to the increasing tendency in the public service, including the international civil service, to carry out a number of tasks with the assistance of outside experts engaged for short periods.

44. On the subject of the proposed agreement between the Government of the Russian Federation and the Pension Board on former participants in the Fund from the former Union of Soviet Socialist Republics, he said that the issue had been a matter of concern for the Government of his country ever since the General Assembly had concurred with the proposed agreement in 1996. Despite considerable efforts to achieve progress in that area, the work had taken much longer than expected and the problem had been exacerbated by the current financial situation in his country, including the need to address a number of social protection issues involving the most vulnerable population groups. His Government was making efforts to find acceptable ways of overcoming the current situation and was still considering the legitimate demands of former employees of the United Nations system. An invitation had been sent to the senior officials of the Fund to visit Moscow the following year, by which time it was hoped that more favourable conditions for the implementation of the agreement would prevail. In conclusion, he expressed the hope that the General Assembly would regard the situation with understanding and assured the Committee of his Government's serious intention to find a solution to that complex and delicate problem as soon as possible.

45. **Mr. Ivashenko** (Ukraine) said that his Government was keeping the question of the pensions rights of former citizens of the USSR who had contributed to the United Nations Joint Staff Pension Fund under review and pointed out that his country was not responsible for the fact that the actuarial value of the pensions rights accrued by individual former participants in the Pension Fund who were formerly citizens of the constituent republics of the USSR had been transferred to that country's social security fund. His Government would continue to seek a fair solution for its own nationals who were entitled to pension rights and would work with its partners to that end.

46. **Ms. Nyirinkindi** (Uganda) said that, while her delegation was pleased to note that the Board of Auditors had recognized that the operations of the Pension Fund had been carried out satisfactorily, it stressed the importance of providing appropriate insurance coverage for the assets of the Fund in order both to ensure security and to avoid unnecessary cost increases. For the first time since the end of 1978 the Fund had a small actuarial surplus of 0.36 per cent of pensionable remuneration, due mainly to the strengthening of the United States dollar. She cautioned that actuarial surpluses resulting primarily from exchange rates were unpredictable and volatile. Her delegation was disappointed that the Board, rather than work towards a consensus decision, had decided by a vote to lower the interest rate applicable to lump-sum commutations from 6.5 to 6 per cent with respect to contributory service performed as from 1 January 2001, subject to a favourable actuarial valuation as at 31 December 1999. It also regretted that the Board had again abandoned the spirit of consensus in voting on the reduction in the threshold for effecting cost-of-living adjustments of pensions in award. It supported the recommendation of ACABQ in paragraph 7 of its report (A/53/511) that the matter be maintained under review in the light of the results of future actuarial valuations of the Fund.

47. On the subject of the present contribution rate of 23.7 per cent of pensionable remuneration, her delegation agreed with the Committee of Actuaries and ACABQ that it should remain unchanged and that the Board, as stated in paragraph 6 of the ACABQ report, should continue to monitor the evolution of the actuarial variation of the Fund and that no reduction in the current rate of contributions should be contemplated until a pattern of surpluses emerged in future valuations.

48. As for the investments of the Fund, her delegation welcomed the positive returns achieved and expressed its appreciation to the Investments Committee, the Investment Management Service and the advisers. As in the past, the long-term investment objectives of the Fund should be pursued by concentrating on the established criteria of safety, profitability, liquidity and convertibility, while the wide diversification of the Fund's assets would assist in avoiding risk and would protect the Fund from large losses.

49. Her delegation supported the cost-sharing arrangements between the Fund and the United Nations, acceptance of which was recommended by the Board in paragraph 202 of its report (A/53/9), and took note of the pressing need for a new accounting system for the Fund which should be fully operational by 1999. It also supported the Board proposals concerning the reclassification of the posts of Chief of the Investments Management Service and Secretary of the Board and the proposal in paragraph 28 of the ACABQ report that the Secretary should in future be known as the Chief Executive Officer of the Fund. In view of the suggestion in paragraph 27 of the ACABQ report that the appropriate level for the post of the Chief Executive

Officer of the Pension Fund would be that of Assistant Secretary-General, she said that it might be necessary for the General Assembly to consider the appropriate level of the post of the Fund's Deputy Chief Executive Officer.

50. Her delegation found it difficult to understand the reasons underlying the possible withdrawal of ICITO/GATT from the United Nations Joint Staff Fund, in particular the argument that it was difficult for the World Trade Organization to attract staff of the required standard as a result of low pay and less attractive incentives. Since the member States of the World Trade Organization were broadly the same as those of other organizations in the United Nations common system that reasoning appeared to imply a double standard. Her delegation believed that the General Assembly should take immediate steps to establish the conditions under which an organization was admitted to the Fund and the conditions under which it might withdraw.

The meeting rose at 5 p.m.

United Nations A/C.5/53/SR.22

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Chairman: Mr. Abelian ..... (Armenia)
later: Mrs. Brennan-Haylock (Vice-Chairman) ..... (Bahamas)
later: Mr. Abelian (Chairman) ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 119: Human resources management (*continued*)

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The meeting was called to order at 3 p.m.

Agenda item 119: Human resources management (*continued*) (A/52/814; A/C.5/52/2; A/53/266, 327, 342, 375 and Corr.1, 385, 414, 501, 502, 526 and 548; A/C.5/53/L.3)

1. **Ms. Salim** (Assistant Secretary-General for Human Resources Management) said that when introducing his report on human resources management reform (A/53/414) at the Committee's 14th meeting the Secretary-General had stressed that reform of human resources management was a process in which the Secretariat must study options carefully before moving ahead and then learn from feedback and experience. That did not mean that the Office of Human Resources Management (OHRM) would not take action immediately when all the considerations had been weighed. However, some practices which had worked for other organizations might have to be adapted for the United Nations. Therefore, changes would not be made until the issues had been discussed with all the parties concerned.

2. The Secretary-General had consistently maintained that the staff were the Organization's greatest asset. To strengthen that asset, he had initiated a reform programme in accordance with the strategy adopted by the General Assembly in 1994, calling together experts in human resources management from around the world and supporting the efforts of the working groups which had been set up. He had met repeatedly with his senior managers to discuss human resources issues, emphasizing his own areas of concern to them and to OHRM. He had also initiated a communications campaign to reach out to the staff worldwide. The Secretary-General was clearly leading the reform effort.

3. Action had been taken in the past year, and improvements were already visible. The breeze of change was blowing, and staff members and managers alike were taking notice. The Secretary-General had explained to the Committee some of the things which reform was not. She would like to mention some of the things which reform was. It was the implementation of the long-awaited skills inventory database and the streamlining of rules and procedures: the amendments to the Staff Rules were listed in document A/53/502, and several administrative instructions were being discussed and would shortly be issued. It was the removal of overlapping between OHRM and other departments and offices and a participatory process to define organizational core and managerial competencies. It was the staff development programmes which had been established and the changes made in the recruitment system to eliminate unnecessary steps. It was a managed reassignment programme for junior Professionals with a view to staff mobility and career development opportunities. And lastly, it was the building of an accountability system for all staff, including a simplified performance appraisal system and the accountability of managers for their administrative decisions before the appeals bodies.

4. Some of those initiatives had been discussed before, but action was now being taken on them. OHRM was circulating draft administrative instructions amending the current recruitment and placement procedures and was continuing its discussions with the executive offices on action to remove OHRM from processes in which it added no value. However, as repeatedly pointed out, it would take from three to five years to carry the reforms out. The General Assembly's strategy had established sound foundations but it was now being updated: some elements were being validated and others redirected.

5. The Organization's management culture could be changed only by continued investment in training and learning. The Secretary-General had implemented a career development policy based on the principle that responsibility for career growth was shared by the Organization, its managers and its staff. The provision of opportunities for career development required increased resources. OHRM counted on the Committee's support in that connection.

6. Communication with all the partners in the reform process was critical, and her Office had initiated a debate on human resources management with staff at all levels. The five working groups, composed of staff from a variety of departments and offices, established under the Secretary-General's Task Force on the Reform of Human Resources Management were continuing to examine the five major human resources areas of staff administration. The Staff-Management Consultative Committee had met in Bangkok in June to discuss the reform of human resources management, including some of the issues subsequently addressed by the working groups. Before that meeting there had been an assembly of staff and management representatives in New York to discuss the direction and purpose of staff-management relations in the light of the Secretary-General's reform initiatives. There had also been a number of meetings within the Secretariat, including an unprecedented meeting of all managers at the D-1 level and above convened by the Under-Secretary-General for Management and herself to discuss human resources management reform. Two weeks previously, the Secretary-General, the Deputy Secretary-General and many members of the senior management team had met with the staff to

discuss human resources management. In addition, a cyber-forum would shortly be operational on the United Nations Intranet to enable staff to express their opinions on human resources matters and receive feedback. More had to be done for staff members working away from Headquarters. During the year she had met with staff in Geneva, Vienna and Bangkok, visited a peacekeeping mission and participated in a video conference in Nairobi. That dialogue must continue.

7. It was clear that the Organization's top management was committed to changing the management of human resources. In particular, recruitment procedures must be shortened and skills identification and candidate selection improved; the simplification of rules and processes must be continued; the support capabilities for career development must be strengthened; and the United Nations must offer conditions of service that would attract and retain staff of the highest calibre.

8. The Secretary-General's report on human resources management (A/53/342) was a response to the requests contained in General Assembly resolution 51/226. A strategy for human resources management could not be maintained in isolation. That was why the Secretary-General had established the Task Force, whose report would be available shortly. Some of its recommendations would require further study before submission to the General Assembly, but the Secretary-General had asked her to communicate the main points of the report to the Committee.

9. The Task Force's report contained a comprehensive review of accountability of both staff and managers, stressing that the delegation of authority and accountability therefor must rest with individuals. The delegation of authority in human resources management was regulated by administrative instruction ST/AI/234/Rev.1. The Secretary-General's report went further and outlined a programme for evaluating the performance of managers. The backbone of any organization's accountability system was its performance appraisal system. Details of performance management in the United Nations were contained in the Secretary-General's report on that topic (A/53/266).

10. The Secretariat had taken several measures to establish "mechanisms" for accountability. The performance appraisal system had been implemented throughout the Secretariat and the report on human resources management (A/53/342) discussed the creation of a management review panel. Such a panel would produce a "report card" on each department and office and make recommendations to the Secretary-General on managerial problems. It might also review instances of gross negligence or incompetence. The Secretariat was also moving forward with a pilot programme under which managers, rather than OHRM, would be responsible for defending their decisions against appeals by staff members. Such accountability mechanisms would meet the concerns of Member States more fully and establish clear lines of responsibility and accountability.

11. The Task Force's report also described the work of streamlining personnel rules and procedures, including the Staff Rules; more information on that topic would be found in the report on human resources management reform (A/53/414). The Task Force described how the Secretariat had implemented the General Assembly's request that the continuous release of staff representatives should be limited to four years. It had received responses from only a few Member States on the issue of their financing of national staff representation and the proportionality of staff representation. It had therefore been unable to deliver conclusive findings, but the Secretariat had provided a summary of the practices of the Member States which had reported.

12. The Secretary-General had been requested to make proposals on a probationary period for candidates promoted to the Professional category from other categories. The issue of probationary appointments went hand in hand with the examination of a career and non-career dual-track system of appointments. Those issues required further study, but the Secretariat would give priority to its consideration of the dual-track system and its review of current contractual methods. Since the number of promotions to the Professional category was small, they had little impact on geographical imbalance.

13. The measures taken to implement the career-development policy were outlined in the report on human resources management reform (A/53/414). Attention should be drawn to the principle underlying the Secretary-General's policy. It had long been the expectation that seniority would be the basis for career advancement, but today careers were not built on a single set of skills and continuous learning was essential. The Secretary-General had stated that responsibility for career growth was shared – by the Organization, by managers and by staff members. Data were now being made available for effective human resources planning, expanded learning opportunities, and increased assistance in career development. The Secretary-General would continue to strengthen the training programmes and provide managerial tools for the support of career development.

14. The report on human resources management (A/53/342) described how linguistic qualifications were

taken into account in the performance appraisal system and the recruitment and promotion policy, and it discussed the feasibility of holding the national competitive examinations in the six official languages. The modest progress noted by the General Assembly in the achievement of greater mobility for internationally recruited staff was of particular concern to the Secretary-General, who acknowledged the advantages of increased mobility. However, the United Nations did not have hundreds of offices around the world, and few staff members could take advantage of opportunities at other duty stations. It was acknowledged that in some careers, such as administration, staff rotation was an effective means of sharing experience and skills between duty stations. As the report indicated, the Secretariat had continued its efforts to reduce the proportion of permanent appointments to posts subject to geographical distribution to 70 per cent. For 1998 the proportion was 70.3 per cent. The report discussed the continued freeze on permanent appointments and explained the practices working against a speedy reduction to the 70 per cent level.

15. The report on human resources management reform (A/53/414) dealt with many matters having a direct impact on career service and career development. A major effort was under way to streamline the recruitment, placement and promotion system. The reform would also deal with the issue of the circumstances in which staff members completing fixed-term appointments could receive a termination indemnity. However, action on that point would have to be postponed so that it could be integrated with the introduction of the dual-track system of career and non-career appointments.

16. The Secretary-General's report on comprehensive guidelines for the use of consultants in the Secretariat (A/53/385) contained the guidelines requested by the General Assembly on the terms of reference for the recruitment of consultants. The guidelines took into account the recommendations of the Board of Auditors and the Office of Internal Oversight Services (OIOS). They proposed definitions of the types of outside expertise used by the Organization and set out the responsibilities of individual departments and offices and OHRM. Paragraph 6 stated the basic principles for the use of consultants, but the provisions covering individual contractors, as opposed to consultants, were set out separately. The report also outlined the manner in which the recommendation of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) with regard to reporting on the use of consultants would be implemented. The report was in fact being reviewed by ACABQ.

17. The report on the composition of the Secretariat (A/53/375) provided information on the nationality, gender, grade and contractual status of Secretariat staff. Part III of the report, which concerned the system of desirable ranges for the geographical distribution of staff, reflected the significant change that had occurred in those ranges as a result of the mandated adjustment to the base figure. Part V updated information on various aspects of human resources planning. Part IV concerned measures to ensure the equitable representation of Member States at the senior and policy-making levels, pursuant to General Assembly resolution 51/226. Gender representation in the Secretariat was dealt with separately in document A/53/376.

18. The Secretary-General's note on internal vacancies in the Secretariat (A/53/327) set forth options for legislative action following a recent judgement of the United Nations Administrative Tribunal which had questioned the validity of the distinction between internal and external candidates and the possibility of limiting internal vacancies to staff previously recruited under the system of desirable ranges through competitive examinations or after review by the appointment and promotion bodies. The judgement made it difficult for the Secretariat to comply with a number of General Assembly resolutions on related issues, would require an additional layer in the appointment and promotion process and would have a serious impact on career development of staff. She looked forward to receiving the Fifth Committee's advice on the subject.

19. The report on consultants and individual contractors (A/53/548) complemented the guidelines set out in document A/53/385 on the use of consultants in the Secretariat. It covered some 7,500 special service agreements during the biennium 1996–1997, which had given rise to a total expenditure of $53 million. Further details on the use of consultants would become available when the Integrated Management Information System (IMIS) was extended to include data in standard formats from offices away from Headquarters.

20. The report on employment of retirees (A/53/526) contained data for 1996 and 1997; statistics for 1995 would be issued as an addendum. The document defined a "retiree" as a former staff member 55 years of age or older who, consequent upon service exceeding five years, was in receipt of a pension benefit from the United Nations Joint Staff Pension Fund. The Secretary-General was of the view that no adjustment to the current ceilings on retiree earnings was necessary; however, some problems were emerging in the area of language services. The statistical tables annexed to the document would facilitate the General Assembly's consideration of the use of retirees.

21. The report on performance management (A/53/266) provided information on the development and implementation of the performance appraisal system (PAS) since the previous year's report. PAS was a line management and staff development tool designed to improve organizational performance and to strengthen accountability. The system had been simplified and new features had been introduced to increase managerial accountability and improve linkages to staff development. In addition, a number of monitoring mechanisms had been put in place. With respect to the introduction of performance awards or bonuses, the Organization would begin introducing a range of non-monetary awards, in line with those suggested by the International Civil Service Commission (ICSC). Once PAS was well established throughout the Organization, consideration would be given to the introduction of other awards. The report also discussed measures to address underperformance. It stressed that any performance recognition programme must be aimed at improving morale, productivity and organizational performance and must not be a substitute for improvements in the overall conditions of service that would enable the Organization to attract and retain high-quality staff. Lastly, document A/53/502 reported on proposed amendments to the Staff Rules, including amendments to implement General Assembly resolution 52/214 with respect to official holidays and amendments designed to simplify and streamline specific rules.

22. **Mr. Powles** (New Zealand), speaking on behalf also of Australia and Canada, said that the retirement of 1,223 staff members in the next five years would present the United Nations with a human resources challenge not seen since 1945. It would be necessary to bring in new talent, change the gender balance, accelerate staff mobility and train future managers among younger staff. The Secretary-General must begin the task of succession planning as a top priority. He shared the Secretary-General's view that the reform of human resources management was at the heart of efforts to transform the Organization into a versatile body that was results-oriented rather than process-oriented. The changes under way in the Secretariat, including technological advances and fiscal restraint, were part of a global phenomenon and should be seen as opportunities for personal development and for the creation of a culture of excellence in all parts of the United Nations.

23. He endorsed the Secretary-General's proposal (A/53/342, para. 95) that future reports on all aspects of human resources management should be subsumed in a single comprehensive report on reform in that area. That would facilitate the General Assembly's discussion of those issues, which should take place every other year. He encouraged the Secretary-General to continue to make use of international expertise and experience, such as that provided by the Task Force on the Reform of Human Resources Management. The report on human resources management reform (A/53/414) showed that the Secretariat had finally begun to deal with the problems outlined in the Secretary-General's seminal report on renewing the United Nations (A/51/950), including those of recruitment, placement, performance management, mobility, career development, geographical and gender representation, delegation of authority, full accountability and staff-management communication. He fully supported the direction in which the Organization's human resources management reform was heading.

24. He was pleased to note that OHRM was focusing on its strategic functions while also making full use of appropriate management tools to strengthen its administrative overview. Since cumbersome and unnecessary processes were already a problem in parts of the Secretariat, potential overlap between OHRM and the executive offices should be addressed urgently to ensure that those problems were not compounded. The recruitment process was too long, in part because staff committees were involved in the staff selection process. Recruitment was the responsibility of management alone, and the mechanism for challenging recruitment decisions should be the appeals process. Another cause for concern was the fact that many staff members left the Organization long before they reached retirement age; a study of the reasons for those departures would be helpful for planning future recruitment strategies and addressing staff morale.

25. Although a number of sound proposals had been put forward in the area of performance management, accountability and delegation of authority, their implementation had been uneven and sometimes disappointing. The Secretary-General should ensure that his personnel management strategies were implemented vigorously and thoroughly. Article 101 of the Charter could not be fully observed in the absence of a performance-based culture that rewarded and promoted staff solely on the basis of merit. The tolerance of underperformance which the Organization had displayed in the past could no longer be accepted. Performance management through the performance appraisal system represented a conscious effort to reinforce the principle of merit in the staffing and work of the Secretariat. He supported the Secretary-General's intention to continue to delegate authority to line managers and, at the same time, to implement accountability measures, since that would speed up important processes, including recruitment. He only regretted that the decentralization process had been

slow and partial. OHRM should begin to provide the necessary training to prepare managers for such delegation of authority and increased accountability, and should be provided with more resources for that purpose. The system of internal justice was also urgently in need of streamlining.

26. He fully supported the career development policy outlined in the report on human resources management (A/53/342). The identification of core competencies, combined with a clear idea of the core functions needed to implement the medium-term plan, would strengthen the Secretariat's capacity to plan for the General Assembly's future demands. He particularly welcomed the emphasis on building leadership and managerial capacity, since effective managers must be skilled in strategic policy formulation as well as in personnel and financial management. All senior staff should take advantage of opportunities for further training.

27. He welcomed the indication, in the report on the status of women in the Secretariat (A/53/376), that the number of women at the senior director levels had increased. However, the slow pace of gender redistribution must be accelerated. That should soon be possible, considering that 57.5 per cent of the staff members who would retire in the near future were men. He strongly supported the Secretary-General's appeal to Member States to propose more women candidates from a broader array of occupations for appointment to intergovernmental and expert bodies and to positions in the Secretariat.

28. The quality of implementation of General Assembly and Security Council mandates depended on the training and motivation of the Organization's staff and on the provision of adequate financial resources by Member States. While much had been done to meet the first of those conditions, the second had yet to be adequately fulfilled. He hoped that staff at all levels would continue their constructive dialogue with management and that the process would create an open and transparent environment of mutual trust in the Secretariat.

29. *Mrs. Brennen-Haylock (Bahamas), Vice-Chairman, took the Chair.*

30. **Ms. Butschek** (Austria), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia and, in addition, Iceland and Liechtenstein, said that the successful implementation of the Organization's programmes and mandates depended on the performance of staff, who must be competent, dedicated and independent international civil servants of unquestionable integrity, and that Member States expected excellence from staff at all levels. She welcomed the efforts being made to build constructive staff-management relations, which were essential to the success of the reform process. She also welcomed the new focus on performance management, and hoped that PAS would soon be sufficiently established to enable the Organization to introduce a transparent system of performance awards and bonuses. In that connection, the step increment should no longer be virtually automatic; instead, it should be used as an award for excellent performance. She would be interested in hearing a general evaluation of the findings with respect to underperformance.

31. She was very concerned to note that there were currently more resignations than retirements from the Organization. The number of resignations of P-2 and P-3 staff revealed an intolerable level of frustration that must be addressed urgently. She asked for information on how many of the people who had taken competitive examinations had been recruited, how many had been promoted and how long it had taken for such promotions to occur. Adequate career planning was an important means of reducing the potential for frustration. The Secretary-General should devote more attention to the problem of reconciling the goal of bringing new talent into the Organization with the legitimate aspirations of members of a career civil service that should continue to form the core of the Organization's staff. A professional career should involve continuous learning that would pave the way for advancement. She welcomed the information on increased training opportunities and asked for details on how the funds earmarked for training had been spent. Mobility was not only an important means of broadening horizons and increasing experience, but also a duty inherent in any truly international civil service, and should be stipulated in the Staff Rules.

32. Recruitment in an organization as large and complex as the United Nations must reflect a forward-looking strategy based on a detailed assessment of future needs. The current recruitment process was highly unsatisfactory and must be speeded up significantly. The high average age of newly hired staff was undesirable for any institution, and more efforts should be made to attract younger people. National competitive examinations enhanced the transparency and objectivity of recruitment for entry-level positions. The number of selected candidates must be related to the number of vacancies in entry-level posts so as to eliminate delays in the recruitment process.

33. Accountability and delegation of authority were mutually reinforcing and should progress in parallel. A reasonable balance must be struck between decentralization and empowerment, on the one hand, and central monitoring and control of human resources policies on the other. She

welcomed the improved statistics on the composition of the Secretariat (A/53/375), which were useful for proactive human resources management and planning, and looked forward to the following year's report on a staff skills inventory. Although the representation of Member States had improved over the last four years, one third of the nine under-represented countries were members of the European Union, and 10 of the Union's 15 member countries were below the midpoint of their desirable range. Meanwhile, 11 of the 13 overrepresented countries were developing countries.

34. The report on the status of women (A/53/376) reflected welcome progress in the representation of women at the D-1 level, though the number of women at that level was still very low. She was concerned about the slow pace of improvements in that area, and recalled the concrete proposals put forward on how to achieve the goals set by the General Assembly. She welcomed the development of guidelines on the use of consultants (A/53/385) and trusted that they would be duly enforced. On the subject of internal vacancies (A/53/327), she reiterated that the Secretary-General must be given the opportunity to recruit the best candidates available. The wider the choice, the greater the chances of identifying excellence. At the same time, current recruitment instruments such as national competitive examinations must be maintained and career development must be promoted.

35. The deteriorating security conditions and the continued violation of the privileges and immunities of United Nations staff were of serious concern. It was essential, for the success of the Organization's mission and in the interests of the entire world community, that Member States should do their utmost to ensure respect for the privileges and immunities of United Nations staff, both local and international, and particularly of those engaged in peacekeeping and humanitarian operations. Violations of those privileges and immunities contravened the principles laid down in the Charter and in other international instruments. She called upon all States to ratify the Convention on the Safety of United Nations and Associated Personnel.

36. **Mr. Adam** (Israel) said that United Nations reform called for acknowledging the need for reform, planning the reform, carrying out the changes and, finally, following up those changes. In his report on human resources management reform (A/53/414), the Secretary-General had indicated the need for changes and outlined a phased programme for carrying them out. The challenge now was to make sure that the reforms were carried out within a precise time-frame and that their progress was evaluated through the implementation phase.

37. Considerable work was needed to forge a new organizational culture and transform the United Nations into a responsive and results-oriented system. The programme of reform must take into account both future needs and programme planning for the following biennium. It must anticipate budget cuts and the geopolitical changes that were likely to mark the following decade, while keeping in mind the General Assembly's guidelines for equitable geographical distribution. One of the first priorities in pursuing such reform was the need to establish a human resources planning task force whose aim would be to transform plans from principle into practice, determine how proposed changes would affect the recruitment and redeployment of staff and evaluate changing needs in terms of contrives, offices and languages. The task force would work closely with the United Nations Institute for Training and Research (UNITAR) and OHRM.

38. In order to carry out its mission, the Organization required a well-trained and creative workforce that was sensitive to the unique challenges of a diverse and multicultural environment. The building of such a workforce required professional recruitment schemes and modern and effective training programmes. With regard to the promotion to the Professional category of staff members from other categories, Member States had a role to play in evaluating the criteria for the selection of candidates, which were key to the success of the programme of reform.

39. While his delegation welcomed the recent improvement in the entry examination and the modification of the requirements to reflect the changing needs of the Organization, it believed that the Central Examination Board should have an additional ex officio member who should be a representative of a Member State. A revised system of evaluation for the hiring and promotion of staff was also needed. The new system should meet the standards currently used in the private sector, under which employers assessed their workers using a wide variety of criteria and were themselves evaluated by their workers.

40. His delegation supported the further delegation of authority to programme managers and the proposal that the General Assembly should review the subject at its fifty-fourth session. Increased delegation could cover many areas of operational activity and administration and could have a positive impact on recruitment and evaluation. The Central Examination Board, for example, might delegate authority by setting up regional examination centres, which would yield a more efficient and specialized workforce with

different perspectives and backgrounds while maintaining the requisite geographical balance.

41. **Mr. Gjesdal** (Norway) said that a better system for managing recruitment in the United Nations was long overdue. Administrative procedures for the appointment of candidates needed to be simple, transparent and reasonably expeditious. It was unacceptable, for example, that it should take an average of 461 days to hire a single staff member. While the recruitment of well-qualified individuals could also be assured in a system in which the management of human resources was delegated to programme managers, the success of such delegation of authority depended on the existence of well-defined procedures and on monitoring and follow-up mechanisms centred in OHRM.

42. OHRM had a special role to play in improving the Organization's gender and geographical balance, which was an important precondition for the delegation of authority to programme managers. A balanced gender distribution widened the Organization's resource base and improved the quality and efficiency of its work. The Secretary-General's commitment to the advancement of women must therefore extend not only to recruitment but also to career development for women. A much more vigorous approach was required to increase the proportion of women serving in the Organization at the higher decision-making levels.

43. The competitive examination process remained the fairest means of recruiting staff at the Professional entrance level. Department heads should, however, make better use of the rosters of qualified candidates and the competitive examination process should be complemented by career development programmes for staff at the P-2 and P-3 levels that would allow the Organization to retain its younger staff members. OHRM should make proposals for redressing the current situation in which the number of staff resigning was greater than the number of those retiring. As part of the recruitment policy, due consideration should be given to making more widespread use of fixed-term appointments.

44. His delegation welcomed the emphasis given to the career development policy, which must include a systematic performance appraisal system and staff development on a continuous basis. The management of staff in a multicultural environment posed special challenges and increased resources should therefore be devoted to training and managerial development. In that connection, the rotation and mobility of staff across functions, departments, duty stations and other organizations of the common system would enhance horizontal communication and would foster adaptation to change as well as personal development.

45. Successful implementation of the reform measures required the active participation of staff, management and OHRM and must be based on dialogue. Furthermore, the delegation of authority for human resources management required full acceptance by programme managers and must be fully transparent to staff. While time was needed to implement a new human resources strategy based on full participation, the proposed five-year horizon did not appear to be ambitious enough. Staff and Member States needed to see the practical results of the efforts currently being undertaken to modernize the United Nations.

46. His Government favoured the maintenance and development of a strong and independent international civil service. To that end, the conditions of service must be made more attractive and competitive. The Secretary-General's approach to the issue and his proposal to review the composition, mandate and functioning of the International Civil Service Commission (ICSC) were therefore welcome. While the Secretary-General should inform Member States on a regular basis of the progress being made in the implementation of human resources management reforms, his delegation considered that he had the necessary authority to carry out reforms in that field on his own.

47. **Mr. Takasu** (Japan) said that the ongoing process of reform would not be complete without significant improvements in the management of human resources. His delegation therefore welcomed the reform initiatives which the Secretary-General had taken to simplify the relevant rules and procedures, empower programme managers and streamline recruitment procedures. It would, however, welcome an explanation of how such streamlining would shorten the recruitment process. He expressed disappointment at the Secretary-General's failure to address the central issue of accountability in his report on human resources management (A/53/342). Until such time as an effective system of accountability was put in place in the Secretariat, the delegation of authority to programme managers must adopt a carefully calibrated and step-by-step approach designed to achieve the purposes of the Organization and to implement the policy directives of Member States. He welcomed the Secretary-General's assurances that core issues, such as equitable geographical distribution, would continue to be addressed by OHRM.

48. He also welcomed the significant improvements in the presentation of data and technical explanations in the report on the composition of the Secretariat (A/53/375 and Corr.1) as well as the overall decline in the number of unrepresented, under-represented and overrepresented Member States during the period from 1 July 1997 to 30 June 1998. He noted with grave concern, however, that the situation of

Japanese staff members in the Secretariat had not improved during the period. As at 30 June 1998, the number of Japanese staff members subject to geographical distribution had been 104, which was well below the lower limit of the desirable range. Of the 10 under-represented Member States, the situation of Japan was the most serious. His Government took a very grave view of the matter and urged the Secretary-General to take all possible measures to redress that geographical imbalance and to bring every Member State within its desirable range before his mandate expired in the year 2001.

49. His delegation would welcome the clarification of a number of points. During the previous 12 months, a total of 2,425 appointments had been made, of which only 104 had been subject to geographical distribution. The latter figure seemed to be disproportionately low, and it would therefore be helpful to have a breakdown by nationality of the 2,425 appointments. Of the 104 appointments, only 19 had been nationals of under-represented countries. Moreover, two nationals of overrepresented States had been appointed at the P-2 and P-3 levels. He would therefore also welcome a breakdown by nationality of appointments at the P-2 and P-3 levels of candidates who had not taken the national competitive examinations.

50. His delegation also wished to draw attention to the long delay which successful candidates experienced before they were offered appointments. One Japanese national who had been successful in the 1993 examination had been offered an appointment only in May 1998. Such delays served to discourage qualified candidates who were fully prepared to serve the Organization. Remedial measures, such as making it obligatory for department heads to accept successful candidates proposed by OHRM, were urgently needed. His delegation was also concerned by the significant decline in the number of posts at the P-2 and P-3 levels that were subject to equitable geographical distribution. Reduction in the number of junior Professional posts deprived the Organization of the new blood which it needed for its rejuvenation.

51. In addition to the national competitive examinations, other effective measures were needed to achieve the Secretary-General's goal of making significant progress on geographical and gender representation. Japan would like to propose, for example, that a number of the 320 posts subject to geographical distribution which retiring staff members would vacate by the year 2001 should be reserved for the appointment of qualified candidates from unrepresented and under-represented Member States. A focal point for equitable geographical distribution should be established within OHRM to promote the achievement of that goal. His delegation commended the Secretary-General's intention of using recruitment missions in order to improve the intake of qualified candidates from unrepresented and under-represented States. It emphasized that authorities in the receiving States should be given advance notice of the posts to be filled so that they could identify candidates for interviews and that programme managers responsible for the vacant posts should participate in the missions so that they could conduct the interviews.

52. The number of Japanese men and women with the skills and knowledge required by the United Nations was increasing rapidly and many of them were showing a keen interest in serving the Organization. There was therefore a strong expectation in Japan that progress would be made in increasing the number of qualified Japanese staff in the Secretariat.

53. *Mr. Abelian (Armenia) resumed the Chair.*

54. **Ms. Waters** (President, United Nations Staff Union), recalled that, in his statement to the staff on the occasion of Staff Day 1998, the Secretary-General had said that staff security began with security of the person, the ability to go about one's work free from threats, harassment and violence. However, it also implied job security, which was a matter both of having a job and of having a sense of what was possible in the job. In that context, she pointed out that 50 per cent of the staff were on fixed-term contracts and that the most important first step towards human security was to increase the number of permanent contracts. Staff on fixed-term contracts felt that their contractual status was constantly under threat and they were unable to enjoy basic rights such as securing mortgages or bank loans. Moreover, they left the service of the Organization, sometimes after 10 or 15 years, without any termination benefits and returned to their countries where they no longer had ties. She hoped that that issue would be addressed as a priority.

55. The staff fully supported the vision of the Secretary-General on the reform of the United Nations. They were also anxious to transform the Organization into a caring employer. One of the keys to achieving that was to establish clear measures for accountability, which was partly a matter of strictly enforcing existing rules such as staff rule 112.3. The application of such measures would ensure accountability, thus paving the way for the delegation of authority. Another requirement was a swift and fair justice system. In that connection, she said that the Office of Internal Oversight Services, whose intended purpose was to ensure good management, could also serve as a tool for violating the rights of individuals if not properly controlled. She hoped that the General Assembly would take a strong

stand to ensure that all staff members under investigation had the benefit of due process and that their rights would not be violated, as had sometimes occurred in the past, by the reporting of conclusions prior to adjudication.

56. Staff representatives were willing to work closely with management to establish a career development policy for staff at all levels, particularly for General Service staff, and more particularly in the case of promotions to the Professional category. The Joint Advisory Committee had established a working group on the examination for promotion from the General Service to the Professional category which could, if the Assembly so wished, lay the foundations for meaningful proposals to review the system.

57. The staff were pleased that the Convention on the Safety of United Nations and Associated Personnel, which would ensure better protection for all staff and humanitarian workers in the field, required ratification by only one more State in order to enter into force. She called on all Governments that had not yet done so to ratify that instrument and expressed the concern of the staff for all those colleagues who remained missing or detained.

58. The right of staff representatives to participate in the discussion of issues such as recruitment, placement, promotion and the renewal of fixed-term contracts was being questioned by several departments, and managerial prerogative was sometimes cited as a means of excluding them. Moreover, OHRM had suggested that staff representatives were attempting to co-manage the Organization. OHRM had recognized that the rationale for the non-renewal of contracts should be fully documented and had agreed to prepare guidelines in consultation with staff. However, those guidelines had not yet appeared. She pointed out that, since 50 per cent of the staff were on fixed-term contracts, half of the Organization's employees would be denied representation on a major issue if staff representatives were not involved in that process. She therefore called on OHRM to establish the guidelines without delay.

59. Staff representatives had no desire to co-manage the Organization. They were, however, entitled to engage in meaningful consultation at a sufficiently early stage for their inputs to influence the final decision. The private sector was aware that consultation with employees could save valuable resources and prevent waste and had realized that such consultation was not co-management but sound management. The staff and the staff representatives were major stakeholders in a reform process that would shape their future.

60. **Ms. Eldon** (President, Federation of International Civil Servants' Associations (FICSA)) said that FICSA welcomed the increasing attention being given to human resources management reform in the United Nations system, pointing out that, while the documents currently before the Committee focused primarily on human resources management in the United Nations Secretariat, the same or similar concepts were being introduced throughout the common system. The reforms comprised four elements: the delegation of authority, responsibility and accountability to managers; the streamlining or simplification of procedures; a programme of career development and advancement of staff; and increased consultation among all parties concerned and at all levels.

61. The delegation of authority, responsibility and accountability to managers required a clear understanding of the managerial skills involved, together with adequate resources, including human resources. Staff at all levels were to be held accountable by means of performance appraisal and a system of rewards, remedial actions and sanctions, as appropriate. In view of the difficulty of objective performance appraisal in a multicultural environment, any performance appraisal system required adequate safeguards against unfair treatment of staff, including review bodies with the involvement of staff representatives at all stages. The current top-down performance appraisal system also needed to be complemented by a component that enabled the supervised to make comments on the supervisor. FICSA considered that the Secretary-General's proposals focused too heavily on accountability mechanisms and sanctions, and not enough on staff motivation.

62. The streamlining of procedures should not be pursued at the expense of transparency, since that would undermine trust in the reform process. In that connection, FICSA was strongly opposed to the abolition of joint staff management bodies; contrary to what was stated in the Secretary-General's report on human resources management reform (A/53/414), they did not diffuse responsibility since they were only advisory and did nothing to impair the ultimate responsibility of the Secretary-General.

63. The staff development programme outlined in document A/53/414 was ambitious, particularly in its aim to meet the development needs and career aspirations of staff members. It would require stable organizational funding to permit long-term planning and adequate resources for training. Noting that specific attention was paid in the document to the importance of linguistic competence for both recruitment and promotion purposes, she said that the ICSC recommendations to minimize the current language incentives should be deferred until the linguistic needs of each organization had been ascertained. FICSA fully supported the implied move towards a merit-based approach

to recruitment and promotion while recognizing the competing claims of geographical representation and gender balance. Staff advancement was only possible where provision was made for vertical mobility. Noting that the Secretary-General's proposals suggested that linked grades might provide for such a movement, she said that linked grades had been condemned by ICSC, were not in line with current job classification standards and might contravene the principle of equal pay for work of equal value. Noting that flexibility and mobility were fundamental constants of the Secretary-General's human resources management reform proposals, she pointed out that there were limits to flexibility and mobility, particular in specialized agencies that required specialized technical expertise rather than general competence.

64. If staff were to be considered partners in the process of change, it would be necessary to define clearly what constituted consultations and to ensure that it was more than a mere formality. In the view of FICSA, the process of change should begin with a changed relationship between management and staff characterized by: an environment that respected and valued all employees; a willingness to share power; respect and trust for all; open and candid sharing of information; joint decision-making through consensus; the joint identification and solving of problems; and faith that partnership would lead to a more effective organization. In that connection, FICSA appealed to the Member States to take the necessary steps to reflect the spirit of the ILO conventions on labour in the staff rules and regulations of the organizations of the common system.

65. A supportive work environment that included job security and enabled staff members to respond to the pressures of work and family life would undoubtedly strengthen motivation. FICSA reiterated its strong concern about the security of staff in the field, particularly locally recruited staff who were nationals of the host country and who did not enjoy the same degree of protection as international staff. The Federation appealed to all Member States to end the discrimination between international and local staff for security purposes. The international civil service was founded on the allegiance of staff to the organizations alone and on the reciprocal duty of Member States to refrain from violating the independent nature of organizations of the United Nations system.

66. In conclusion, she said that FICSA was strongly in favour of reform. Each reform initiative must be assessed in terms of its potential to promote an effective, accountable and independent international civil service. The essential components of reform included stronger labour-management partnerships, competitive conditions of employment, job security, administrative accountability, stable organizational funding, merit-based assessment of candidates and ethical leadership.

The meeting rose at 5.30 p.m.